

**BOROUGH OF POMPTON LAKES  
SCHOOL DISTRICT  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF POMPTON LAKES**

**Pompton Lakes Board of Education  
Pompton Lakes, New Jersey**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2013**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Borough of Pompton Lakes School District**

**Pompton Lakes, New Jersey**

**For The Fiscal Year Ended June 30, 2013**

**Prepared by**

**Borough of Pompton Lakes School District  
Finance Department**

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## INTRODUCTORY SECTION



## POMPTON LAKES BOARD OF EDUCATION

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Nancy M. Ciavaglia, CPA  
Business Administrator/Board Secretary

November 11, 2013

The Honorable President and Members of  
the Board of Education  
Pompton Lakes Borough School District  
County of Passaic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Pompton Lakes Borough School District (the "District") for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Pompton Lakes Borough School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Pompton Lakes Borough School District and all its schools constitute the District's reporting entity.

exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grant agreements.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure the compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 2.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which required it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20 of the CAFR.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters, remedial support for non-classified students in need, an autistic program, and enrichment activities for our gifted students.

The District completed the 2012-2013 fiscal year with an average daily enrollment of 1,702 students, which is an increase of 2.47% students from the previous year's enrollment. The District's average daily enrolments for the past five years are presented below:

	Average Daily Enrollment	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	1,702	2.47%
2011-2012	1,661	0.54%
2010-2011	1,652	-5.17%
2009-2010	1,742	-0.80%
2008-2009	1,756	-3.36%

2) ECONOMIC CONDITION AND OUTLOOK: Recessionary times dictated no significant increases to the District's budget and no significant capital outlays. Continued fiscal problems at the State level could affect future state aid revenue.

3) MAJOR INITIATIVES: During 2012-2013, the District:

- began accepting High School non-resident students through the Interdistrict School Choice Program,
- developed a Middle School Autism Program scheduled to open in July of 2013,
- added two new High School courses – Anatomy & Physiology and Studio Art,
- added a Middle School course – Mathematical Problem Solving, thus increasing the amount of math instruction for middle school students by an average of one period per week, and
- adopted the Elementary Schools' enVision math program in grades K-5.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not

The Honorable President and Members of  
the Board of Education  
Pompton Lakes Borough School District  
November 11, 2013

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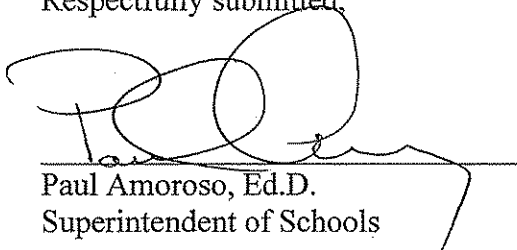
The Board is a member of the Pooled Insurance program of New Jersey (PIP). PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the PIP is included in Note 12 to the Basic Financial Statements.

9) DEBT ADMINISTRATION: At June 30, 2013, the District had \$3,983,000.00 in outstanding bonds and \$32,243.59 in outstanding loans under the Safe Schools and Small Projects programs.

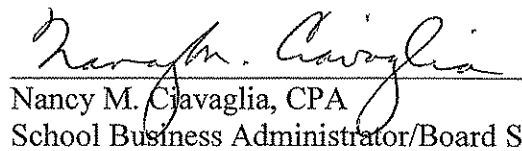
10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo, & Cuva was selected by the Board of Education at its last organization meeting. In addition to meeting the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Pompton Lakes Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

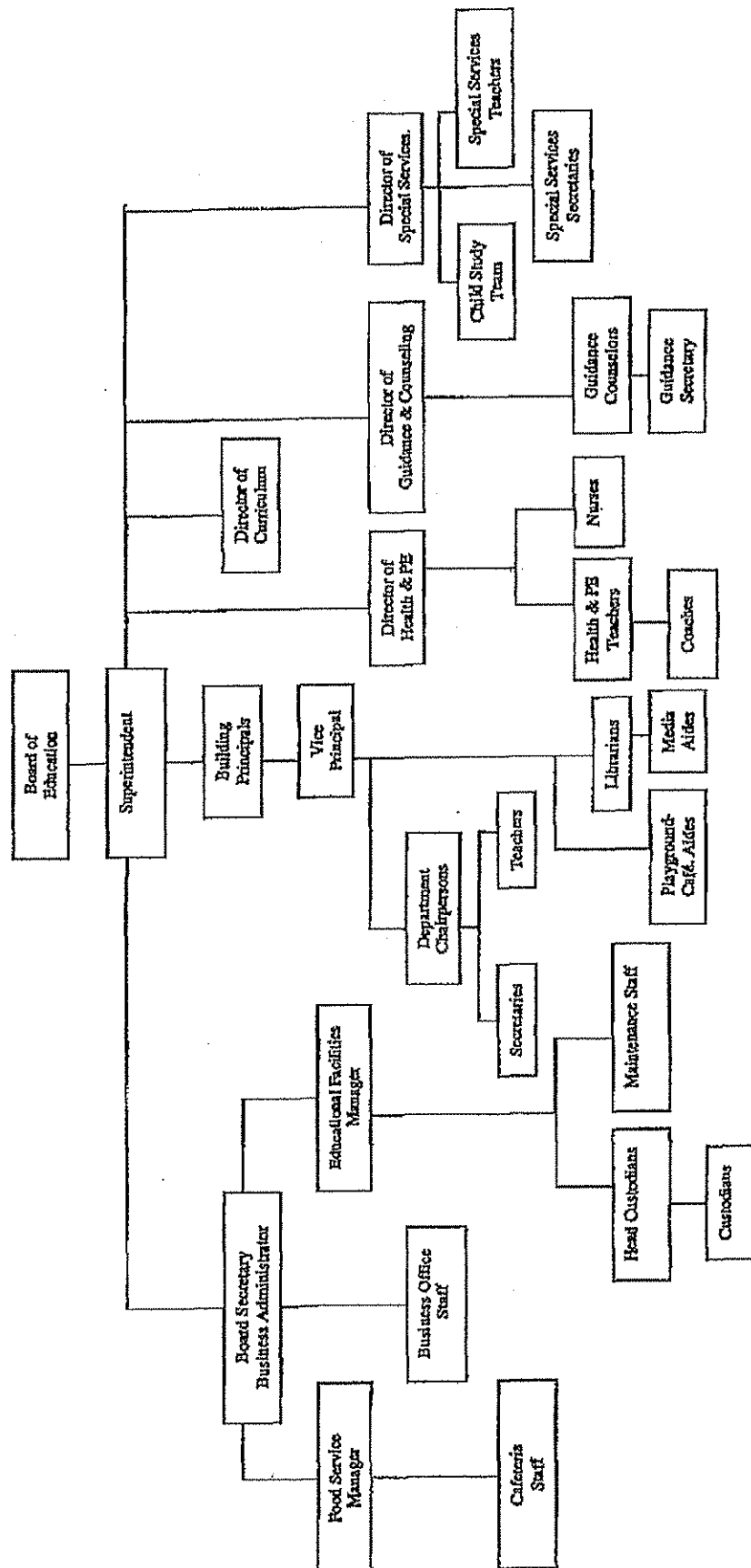


Paul Amoroso, Ed.D.  
Superintendent of Schools



Nancy M. Ciavaglia, CPA  
School Business Administrator/Board Secretary

# POMPTON LAKES SCHOOL DISTRICT ORGANIZATIONAL CHART



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2013**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Garry Luciani, President	2013
Jose Arroyo, Vice President	2014
Traci Cioppa	2015
Robert Cruz	2015
Carl Padula	2013
Thomas Salus	2015
Stephanie Shaw	2013
Nancy Schwartz	2014
Tim Troast	2014
Shawn Dougherty (Riverdale Representative)	2013

**Other Officials**

Paul Amoroso, Ed.D., Superintendent of Schools

Nancy M. Ciavaglia, CPA, Business Administrator/Board Secretary

Herb Diamond, CPA, Treasurer of School Monies

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
401 Wanaque Avenue  
Pompton Lakes, NJ 07442

**Attorney**

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## **FINANCIAL SECTION**



# **Ferraioli, Wielkott, Cerullo & Cuva, P.A.**

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Pompton Lakes School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Pompton Lakes Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Pompton Lakes Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 12 - 22 and 58 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pompton Lakes Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

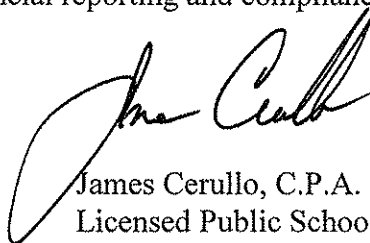
The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the Borough of Pompton Lakes Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report

Honorable President and  
Members of the Board of Education  
Page 4.

is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pompton Lakes Board of Education's internal control over financial reporting and compliance.



James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

November 11, 2013

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

As management of the Borough of Pompton Lakes Board of Education (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of Borough of Pompton Lakes Board of Education for the fiscal year ended June 30, 2013.

The management's discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service Fund and Enterprise Fund.

**FINANCIAL HIGHLIGHTS**

- In total, net position increased \$1,155,335.95, which represents an 21.22% increase from 2012. Net position of governmental activities increased \$1,142,592.88 while net position of business-type activity increased by \$12,743.07. These variances are primarily the result of excess miscellaneous revenues and unexpended budget appropriations and changes in compensated absences in 2012-13 and increased operating revenues of the business-type activities.
- General revenues accounted for \$31,707,545.39 in revenue or 96.06 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,299,220.90 or 3.94 percent of total revenues of \$33,006,766.29.
- The School District had \$31,450,088.40 in expenses related to governmental activities; only \$885,165.58 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$31,707,515.70 were adequate to provide for these programs.

**USING THIS ANNUAL REPORT**

This discussion and analysis are intended to serve as an introduction to the Borough of Pompton Lakes Board of Education's basic financial statements. The Borough of Pompton Lakes Board of Education's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**USING THIS ANNUAL REPORT, (continued)**

**District-Wide Financial Statements**

The *district-wide financial statements* are designed to provide readers with a broad overview of the Borough of Pompton Lakes Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Borough of Pompton Lakes Board of Education's position and liabilities using the accrual basis of accounting, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough of Pompton Lakes Board of Education is improvement or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the Borough of Pompton Lakes Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Borough of Pompton Lakes Board of Education include instruction, support services and special schools. The business-type activities of the Borough of Pompton Lakes Board of Education include the food service program.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Pompton Lakes Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the Borough of Pompton Lakes Board of Education can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**USING THIS ANNUAL REPORT, (continued)**

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Borough of Pompton Lakes Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects and debt service fund which are all considered to be major funds.

The Borough of Pompton Lakes Board of Education adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

**Proprietary Funds**

The Borough of Pompton Lakes Board of Education maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Borough of Pompton Lakes Board of Education uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.



**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**USING THIS ANNUAL REPORT, (continued)**

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Borough of Pompton Lakes Board of Education's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

The School District's net positions were \$6,599,271.01 at June 30, 2013 and \$5,443,935.06 at June 30, 2012. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2013 compared to 2012 (Table 1) and change in net position (Table 2) of the School District.

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$2,830,737.61	\$2,359,474.45	\$132,677.00	\$139,854.09	\$2,963,414.61	\$2,499,328.54
Capital Assets	<u>8,465,140.70</u>	<u>7,934,897.15</u>	<u>135,122.94</u>	<u>138,211.37</u>	<u>8,600,263.64</u>	<u>8,073,108.52</u>
Total Assets	<u>11,295,878.31</u>	<u>10,294,371.60</u>	<u>267,799.94</u>	<u>278,065.46</u>	<u>11,563,678.25</u>	<u>10,572,437.06</u>
Other Liabilities	266,978.35	308,083.22		23,008.59	266,978.35	331,091.81
Long Term Liabilities	<u>4,697,428.89</u>	<u>4,797,410.19</u>	<u>          </u>	<u>          </u>	<u>4,697,428.89</u>	<u>4,797,410.19</u>
Total Liabilities	<u>4,964,407.24</u>	<u>5,105,493.41</u>	<u>          </u>	<u>23,008.59</u>	<u>4,964,407.24</u>	<u>5,128,502.00</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	4,188,511.81	3,593,486.96	135,122.94	138,211.37	4,323,634.75	3,731,698.33
Restricted	2,366,700.77	1,561,782.37			2,366,700.77	1,561,782.37
Unrestricted	<u>(223,741.51)</u>	<u>33,608.86</u>	<u>132,677.00</u>	<u>116,845.50</u>	<u>(91,064.51)</u>	<u>150,454.36</u>
Total Net Position	<u>\$6,331,471.07</u>	<u>\$5,188,878.19</u>	<u>\$267,799.94</u>	<u>\$255,056.87</u>	<u>\$6,599,271.01</u>	<u>\$5,443,935.06</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2013 compared to 2012.

**Table 2  
Changes in Net Position  
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and						
Sales	\$	\$	\$258,917.13	\$255,543.39	\$258,917.13	\$255,543.39
Operating Grants and						
Contributions	885,165.58	833,866.40	155,138.19	144,992.29	1,040,303.77	978,858.69
General Revenues:						
Taxes:						
Property taxes	22,700,214.00	22,733,287.92			22,700,214.00	22,733,287.92
Federal and State Aid not						
Restricted	6,979,007.59	6,326,848.07			6,979,007.59	6,326,848.07
Other Income	<u>2,028,294.11</u>	<u>2,013,855.56</u>	<u>29.69</u>	<u>28.82</u>	<u>2,028,323.80</u>	<u>2,013,884.38</u>
Total Revenues and Transfers	<u>32,592,681.28</u>	<u>31,907,857.95</u>	<u>414,085.01</u>	<u>400,564.50</u>	<u>33,006,766.29</u>	<u>32,308,422.45</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	\$11,278,660.32	\$11,557,454.88			\$11,278,660.32	\$11,557,454.88
Special	3,846,203.69	3,709,943.42			3,846,203.69	3,709,943.42
Other Special Instruction	745,739.89	783,197.92			745,739.89	783,197.92
Other Instruction	715,273.52	690,653.50			715,273.52	690,653.50
Support Services:						
Tuition	1,134,947.19	1,365,619.27			1,134,947.19	1,365,619.27
Student & Instruction						
Related Services	3,710,669.19	3,745,979.30			3,710,669.19	3,745,979.30
School Administrative						
Services	1,847,013.88	1,884,741.96			1,847,013.88	1,884,741.96
General Administrative						
Services	545,003.76	582,842.27			545,003.76	582,842.27
Central Services and Admin.						
Info. Tech.	603,367.23	614,637.54			603,367.23	614,637.54
Plant Operations and						
Maintenance	3,205,243.39	3,318,026.69			3,205,243.39	3,318,026.69
Pupil Transportation	539,478.82	608,869.97			539,478.82	608,869.97
Unallocated Benefits	2,842,640.94	506,910.17			2,842,640.94	506,910.17
Unallocated depreciation	253,919.83	226,096.00			253,919.83	226,096.00
Interest on Long-Term Debt	181,638.64	153,222.89			181,638.64	153,222.89
Capital Outlay	288.11	207.28			288.11	207.28
Food Service			<u>\$401,341.94</u>	<u>\$394,865.92</u>	<u>401,341.94</u>	<u>394,865.92</u>
Total Expenses and Transfers	<u>31,450,088.40</u>	<u>29,748,403.06</u>	<u>401,341.94</u>	<u>394,865.92</u>	<u>31,851,430.34</u>	<u>30,143,268.98</u>
Increase or (Decrease) in						
Net Position	<u>\$1,142,592.88</u>	<u>\$2,159,454.89</u>	<u>\$12,743.07</u>	<u>\$5,698.58</u>	<u>\$1,155,335.95</u>	<u>\$2,165,153.47</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$31,851,430.34. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$22,700,214.00 because some of the cost was paid by those who benefited from the programs \$258,917.13, by other governments and organizations who subsidized certain programs with grants and contributions \$1,040,303.77, and by miscellaneous sources \$9,007,331.39.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$12,713.38.
- ✓ Charges for services provided totaled \$258,917.13. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$155,138.19.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2013, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and/or to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$103,439.00 for increase in federal and local grant awards.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)**

**General Fund**

The general fund actual revenue was \$31,370,327.70. That amount is \$3,155,174.70 above the final amended budget of \$28,215,153.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,877,840.94 for TPAF pension and social security reimbursements and \$277,333.76 for excesses in other anticipated revenues.

The actual expenditures of the general fund were \$31,100,943.81 including transfers which is \$1,905,629.44 above the final amended budget of \$29,195,314.37. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$2,877,840.94 for TPAF pension and social security reimbursements and \$1,292,239.88 of unexpended budgeted funds and unbudgeted capital leases of \$320,028.38.

General fund had total revenues and other financing sources of \$31,402,356.08 and total expenditures of \$31,100,943.81 with an ending fund balance of \$2,969,653.06 on the budgetary basis of accounting.

**Special Revenue Fund**

The special revenue fund actual revenue was \$758,654.12. That amount is \$36,094.88 less than the final amended budget of \$794,749.00.

The actual expenditures of the special revenue fund were \$758,654.12, which is \$36,094.88 less than the final amended budget of \$794,749.00.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2013 the School District had \$27,809,862.47 invested in sites, buildings and equipment. Of this amount, \$19,209,598.83 in depreciation has been taken over the years. We currently have a net book value of \$8,600,263.64. Total additions for the year were \$912,140.32, the majority of which was for construction in progress, facility improvements and various equipment. Table 3 shows fiscal year 2013 balances compared to 2012.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)**

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$1,594,700.00	\$1,594,700.00			\$1,594,700.00	\$1,594,700.00
Construction in Progress	4,338,023.15	4,308,023.15				
Buildings and Improvements	1,629,975.00	1,402,251.00			1,629,975.00	1,402,251.00
Furniture, Equipment and Vehicles	<u>902,442.55</u>	<u>629,923.00</u>	<u>\$135,122.94</u>	<u>\$138,211.38</u>	<u>1,037,565.49</u>	<u>768,134.38</u>
	<u>\$8,465,140.70</u>	<u>\$7,934,897.15</u>	<u>\$135,122.94</u>	<u>\$138,211.38</u>	<u>\$8,600,263.64</u>	<u>\$8,073,108.53</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

**Outstanding Long-Term Liabilities**

At June 30, 2013, the District had \$4,697,428.89 of long-term liabilities. Of this amount, \$420,800.00 is for compensated absences; \$3,983,000.00 is for serial bonds for school construction; \$32,243.59 is for loans payable and \$261,385.30 is for capital leases.

**Table 4  
Outstanding Serial Bonds at June 30,**

	<u>2013</u>	<u>2012</u>
1995 School Bonds	\$297,000.00	\$397,000.00
2009 School Bonds	<u>3,686,000.00</u>	<u>3,881,000.00</u>
Total	<u>\$3,983,000.00</u>	<u>\$4,278,000.00</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)**

**Factors Bearing on the District's Future Revenue/Expense Changes**

At the time these financial statements were prepared and audited, the District was aware of two existing circumstances that could significantly affect its financial health in the future:

- Significant increases for most District insurance policies.
- Continued fiscal problems at the state level which could affect future state aid revenue.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Nancy Ciavaglia, School Business Administrator/Board Secretary at Borough of Pompton Lakes Board of Education, 237 Van Avenue, Pompton Lakes, NJ, 07442.



## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	386,570.98	120,072.91	506,643.89
Receivables, net	859,232.48	11,151.49	870,383.97
Internal Balances	3,700.00	(3,700.00)	-
Inventory		5,152.60	5,152.60
Restricted Assets:			
Cash and Cash Equivalents	1,581,234.15		1,581,234.15
Capital Assets:			
Land and Construction in Progress	5,932,723.15		5,932,723.15
Other Capital Assets, net	2,532,417.55	135,122.94	2,667,540.49
Total Assets	<u>11,295,878.31</u>	<u>267,799.94</u>	<u>11,563,678.25</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	239,329.35	-	239,329.35
Payable to Federal Government	26.00		26.00
Payable to State Government	27,623.00		27,623.00
Noncurrent Liabilities:			
Due within one year	436,708.27		436,708.27
Due beyond one year	4,260,720.62		4,260,720.62
Total Liabilities	<u>4,964,407.24</u>	<u>-</u>	<u>4,964,407.24</u>
<b>NET POSITION</b>			
Invested in Capital Assets, net of Related Debt	4,188,511.81	135,122.94	4,323,634.75
Restricted for:			
Debt Service	(0.23)		(0.23)
Capital Projects	956,664.83		956,664.83
Other Purposes	1,410,036.17		1,410,036.17
Unrestricted (Deficit)	(223,741.51)	132,677.00	(91,064.51)
Total Net Position	<u>6,331,471.07</u>	<u>267,799.94</u>	<u>6,599,271.01</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	9,221,013.78	2,057,646.53		595,324.46	(10,683,335.85)		(10,683,335.85)
Special Education	3,078,509.67	767,694.02			(3,846,203.69)		(3,846,203.69)
Other Special Instruction	594,408.01	151,331.88			(745,739.89)		(745,739.89)
Other Instruction	600,747.92	114,525.60			(715,273.52)		(715,273.52)
Support services:							
Tuition	1,134,947.19	-			(1,134,947.19)		(1,134,947.19)
Student & Instruction Related Services	3,024,023.70	686,645.48		166,268.12	(3,544,401.06)		(3,544,401.06)
School Administrative Services	1,439,367.25	407,646.63			(1,847,013.88)		(1,847,013.88)
General Administrative Services	464,780.86	80,222.90			(545,003.76)		(545,003.76)
Central Services & Admin. Info. Technology	490,147.58	113,219.65			(603,367.23)		(603,367.23)
Plant Operations and Maintenance	2,836,689.08	368,554.31			(3,205,243.39)		(3,205,243.39)
Pupil Transportation	539,478.82	-			(539,478.82)		(539,478.82)
Unallocated Benefits	2,842,640.94	-			(2,842,640.94)		(2,842,640.94)
Capital Outlay - Non-depreciable	288.11	-			(288.11)		(288.11)
Interest on Long-term Debt	181,638.64	-		123,573.00	(58,065.64)		(58,065.64)
Unallocated Depreciation	253,919.83	-			(253,919.83)		(253,919.83)
Total Governmental Activities	26,702,601.38	4,747,487.02	-	885,165.58	(30,564,922.82)	-	(30,564,922.82)
Business-type Activities:							
Food Service	401,341.94		258,917.13	155,138.19		12,713.38	12,713.38
Total Business-type Activities	401,341.94		258,917.13	155,138.19		12,713.38	12,713.38
Total Primary Government	27,103,943.32		258,917.13	1,040,303.77	(30,564,922.82)	12,713.38	(30,552,209.44)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					22,341,918.00		22,341,918.00
Taxes Levied for Debt Service					358,296.00		358,296.00
Federal and State Aid not Restricted					6,979,007.59		6,979,007.59
Tuition					1,921,017.96		1,921,017.96
Rental Income					17,725.00		17,725.00
Investment Earnings					3,763.62	29.69	3,793.31
Miscellaneous Income					85,787.53		85,787.53
Total General Revenues, Special Items, Extraordinary Items and Transfers					31,707,515.70	29.69	31,707,545.39
Change in Net Position					1,142,592.88	12,743.07	1,155,335.95
Net Position—Beginning					5,188,878.19	255,056.87	5,443,935.06
Net Position—Ending					6,331,471.07	267,799.94	6,599,271.01

See Accompanying Notes to Financial Statements.

## **FUND FINANCIAL STATEMENTS**

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	381,104.53		5,466.68	(0.23)	386,570.98
Interfund Receivables	75,893.30				75,893.30
Receivables from Other Governments	414,227.46	114,463.12			528,690.58
Tuitions/Transportation Fees Receivable	310,806.34				310,806.34
Other Receivables	7,884.75				7,884.75
Restricted Cash and Cash Equivalents	1,581,234.15				1,581,234.15
Total Assets	<u>2,771,150.53</u>	<u>114,463.12</u>	<u>5,466.68</u>	<u>(0.23)</u>	<u>2,891,080.10</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	162,156.47	26,471.63			188,628.10
Interfund Payables		60,342.49			60,342.49
Payable to Federal Government		26.00			26.00
Payable to State Government		27,623.00			27,623.00
Total Liabilities	<u>162,156.47</u>	<u>114,463.12</u>			<u>276,619.59</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- Current Year	201,118.17				201,118.17
Excess Surplus -- Designated for					
Subsequent Year's Expenditures	178,569.75				178,569.75
Capital Reserve Account	951,198.15				951,198.15
Maintenance Reserve Account	630,036.00				630,036.00
Capital Projects			5,466.68		5,466.68
Debt Service				(0.23)	(0.23)
Assigned to:					
Other Purposes	400,312.25				400,312.25
Designated by the BOE for					
Subsequent Year's Expenditures	0.25				0.25
Unassigned:					
General Fund	247,759.49				247,759.49
Total Fund Balances	<u>2,608,994.06</u>		<u>5,466.68</u>	<u>(0.23)</u>	<u>2,614,460.51</u>
Total Liabilities and Fund Balances	<u>2,771,150.53</u>	<u>114,463.12</u>	<u>5,466.68</u>	<u>(0.23)</u>	

Amounts reported for governmental activities in the statement of  
Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. The cost  
of the assets is \$27,555,974.53 and the accumulated depreciation  
is \$19,090,833.83. 8,465,140.70

Accrued liability for interest on long-term debt is not due and payable  
in the current period and is not reported as a liability in the funds. (50,701.25)

Long-term liabilities are not due and payable in the  
current period and therefore are not reported as  
liabilities in the funds. (4,697,428.89)

Net Position of governmental activities 6,331,471.07

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	22,341,918.00			358,296.00	22,700,214.00
Tuition Charges	1,921,017.96				1,921,017.96
Rental Income	17,725.00				17,725.00
Interest Earned on Investments	3,763.62				3,763.62
Miscellaneous	85,787.53	42,423.00			128,210.53
Total - Local Sources	24,370,212.11	42,423.00		358,296.00	24,770,931.11
State Sources	6,973,641.94	89,928.00		123,573.00	7,187,142.94
Federal Sources	5,365.65	629,241.58			634,607.23
Total Revenues	31,349,219.70	761,592.58		481,869.00	32,592,681.28
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	8,651,345.67	595,324.46			9,246,670.13
Special Education Instruction	3,078,509.67				3,078,509.67
Other Special Instruction	594,408.01				594,408.01
Other Instruction	600,747.92				600,747.92
Support Services and Undistributed Costs:					
Tuition	1,134,947.19				1,134,947.19
Student & Instruction Related Services	2,865,085.96	166,268.12			3,031,354.08
School Administrative Services	1,457,693.21				1,457,693.21
General Administrative Services	464,780.86				464,780.86
Central Services & Admin. Info. Technology	497,477.97				497,477.97
Plant Operations and Maintenance	2,836,689.08				2,836,689.08
Pupil Transportation	539,478.82				539,478.82
Unallocated Benefits	7,515,933.96				7,515,933.96
Capital Outlay	863,845.49		30,000.00		893,845.49
Debt Service:					
Principal				326,166.60	326,166.60
Interest and Other Charges				155,702.20	155,702.20
Total Expenditures	31,100,943.81	761,592.58	30,000.00	481,868.80	32,374,405.19
Excess (Deficiency) of Revenues Over Expenditures	248,275.89		(30,000.00)	0.20	218,276.09
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases	320,028.38				320,028.38
Total other financing sources and (uses)	320,028.38				320,028.38
Net Change in Fund Balances	568,304.27		(30,000.00)	0.20	538,304.47
Fund Balance—July 1	2,040,689.79		35,466.68	(0.43)	2,076,156.04
Fund Balance (Deficit)—June 30	2,608,994.06		5,466.68	(0.23)	2,614,460.51

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2013**

**Total net change in fund balances - governmental funds (from B-2)** 538,304.47

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	(363,313.83)	
Depreciable Capital Outlays	<u>893,557.38</u>	530,243.55

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal EDA Loans Payable	31,166.60
Bond Principal	295,000.00
Capital Leases Principal	58,643.08

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of NET POSITION.

Capital Lease Proceeds	(320,028.38)
------------------------	--------------

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net adjustment in the reconciliation.

(25,936.44)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase)/Decrease in Compensated Absences Payable	35,200.00
---	-----------

**Change in Net Position of governmental activities**

1,142,592.88

See Accompanying Notes to Financial Statements.



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

**Business-Type  
Activities -  
Enterprise Fund  
Food Service  
Program**

**ASSETS**

## Current Assets:

Cash and Cash Equivalents	120,072.91
Accounts Receivable:	
State	539.69
Federal	10,611.80
Inventories	5,152.60
Total Current Assets	<u>136,377.00</u>

## Noncurrent Assets:

## Capital Assets:

Equipment	253,887.94
Less Accumulated Depreciation	<u>(118,765.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>135,122.94</u>
Total Assets	<u><u>271,499.94</u></u>

**LIABILITIES**

## Current Liabilities:

Interfunds Payable	<u>3,700.00</u>
Total Current Liabilities	<u>3,700.00</u>
 Total Liabilities	 <u>3,700.00</u>

**NET POSITION**

Invested in Capital Assets Net of Related Debt	135,122.94
Unrestricted	<u>132,677.00</u>
Total Net Position	<u><u>267,799.94</u></u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Business-Type Activities - Enterprise Fund Food Service Program</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	150,596.21
Daily Sales - Non-Reimbursable Programs	107,973.12
Miscellaneous Program Fees	347.80
Total Operating Revenues	<u>258,917.13</u>
 Operating Expenses:	
Cost of Sales	176,903.79
Salaries, Benefits and Payroll Taxes	171,010.55
Supplies and Materials	17,643.78
Purchased Professional Services	9,833.00
Cleaning Repair & Maintenance	617.90
Purchased Services	3,661.55
Depreciation	21,671.37
Total Operating Expenses	<u>401,341.94</u>
Operating Income (Loss)	<u>(142,424.81)</u>
 Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	4,251.97
Federal Sources:	
National School Lunch Program	116,045.33
National School Breakfast Program	5,779.64
HHFKA	4,754.10
HUSSC	2,000.00
Food Distribution Program	22,307.15
Interest and Investment Revenue	29.69
Total Nonoperating Revenues (Expenses)	<u>155,167.88</u>
 Income (Loss) Before Contributions & Transfers	12,743.07
 Transfers In (Out)	
Change in Net Position	<u>12,743.07</u>
Total Net Position—Beginning	<u>255,056.87</u>
Total Net Position—Ending	<u><u>267,799.94</u></u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Business-Type Activities - Enterprise Fund Food Service Program</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	258,917.13
Payments to Suppliers	(542.96)
Payments for Miscellaneous Expenses	(617.90)
Payments to Food Service Management Company	(375,147.57)
Net Cash Provided by (Used for) Operating Activities	<u>(117,391.30)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	3,970.00
Federal Sources	125,156.89
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>129,126.89</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(18,582.94)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(18,582.94)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	29.69
Net Cash Provided by (Used for) Investing Activities	<u>29.69</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,817.66)
Balances—Beginning of Year	126,890.57
Balances—End of Year	<u><u>120,072.91</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(142,424.81)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	21,671.37
Food Distribution Program Donated Commodities	22,307.15
(Increase) Decrease in Inventories	363.58
Increase (Decrease) in Accounts Payable	(19,308.59)
Total Adjustments	<u>25,033.51</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(117,391.30)</u></u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	185,585.34	344,489.81
Other Receivables	33,244.13	
Interfund Receivable		16,928.02
Total Assets	<u>218,829.47</u>	<u>361,417.83</u>
<b>LIABILITIES</b>		
Payable to Student Groups		212,576.64
Interfund Payable	16,928.02	11,850.81
Payroll Deductions and Withholdings		136,990.38
Total Liabilities	<u>16,928.02</u>	<u>361,417.83</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>201,901.45</u>	
Reserved for Other Purposes		

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	45,454.10
Board - Budget	33,244.13
Total Contributions	<u>78,698.23</u>
Investment Earnings:	
Interest	158.31
Net Investment Earnings	<u>158.31</u>
Total Additions	<u>78,856.54</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	<u>19,344.55</u>
Total Deductions	<u>19,344.55</u>
Change in Net Position	59,511.99
Net Position—Beginning of the Year	<u>142,389.46</u>
Net Position—End of the Year	<u><u>201,901.45</u></u>

See Accompanying Notes to Financial Statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:**

The Board of Education ("Board") of the Borough of Pompton Lakes School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Pompton Lakes School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Board of Education of the Borough of Pompton Lakes School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation:**

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**District-wide Financial Statements:**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation: (continued)**

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation:**

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund and Payroll Agency Fund.

**B. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Measurement Focus: (continued)**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions, (continued)**

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**F. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Tuition Payable:**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**I. Inventories:**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**L. Capital Assets: (continued)**

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**M. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned Revenue:**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**O. Accrued Liabilities and Long-term Obligations: (continued)**

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**Q. Net Position:**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted items of net position are available.

**R. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**S. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

**T. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**U. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**V. Recent Accounting Pronouncements:**

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$-0- of the District's bank balance of \$3,109,938.85 was exposed to custodial credit risk.

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)**

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4. RECEIVABLES:**

Receivables at June 30, 2013, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$379,516.01	\$539.69	\$380,055.70
Federal Aid	121,812.23	10,611.80	132,424.03
Other	346,053.43		346,053.43
Interfunds	<u>75,893.30</u>		<u>11,850.81</u>
Gross Receivables	923,274.97	11,151.49	870,383.97
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$923,274.97</u>	<u>\$11,151.49</u>	<u>\$870,383.97</u>

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 5. INTERFUND BALANCES AND ACTIVITY:**

Balance due to/from other funds at June 30, 2013 consist of the following:

Due to the General Fund from the Enterprise Fund for Food Service Program disbursements paid by the General Fund	\$3,700.00
Due to the General Fund from the Special Revenue Fund for short term loans	60,342.49
Due to the General Fund from the Payroll Agency Fund for excess deposits	11,850.81
Due to the Agency Fund from the Unemployment Compensation Trust Fund for Unemployment bills paid by Payroll Agency	<u>16,928.02</u>
	<u>\$92,821.32</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

There were no interfund transfers for the year ended June 30, 2013.

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	Deductions	Balance 6/30/13
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Sites (Land)	\$1,594,700.00	\$	\$	\$1,594,700.00
Construction in Progress	<u>4,308,023.15</u>	<u>30,000.00</u>		<u>4,338,023.15</u>
Total Capital Assets, Not Being Depreciated	<u>5,902,723.15</u>	<u>30,000.00</u>	<u>0.00</u>	<u>5,932,723.15</u>
Capital Assets Being Depreciated				
Buildings and Improvements	19,503,148.00	439,233.00		19,942,381.00
Furniture, Equipment and Vehicles	<u>1,474,058.00</u>	<u>424,324.38</u>	<u>(217,512.00)</u>	<u>1,680,870.38</u>
Total Capital Assets, Being Depreciated	<u>20,977,206.00</u>	<u>863,557.38</u>	<u>(217,512.00)</u>	<u>21,623,251.38</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(18,100,897.00)	(211,509.00)		(18,312,406.00)
Furniture, Equipment and Vehicles	<u>(844,135.00)</u>	<u>(151,804.83)</u>	<u>217,512.00</u>	<u>(778,427.83)</u>
Total Accumulated Depreciation	<u>(18,945,032.00)</u>	<u>(363,313.83)</u>	<u>217,512.00</u>	<u>(19,090,833.83)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,032,174.00</u>	<u>500,243.55</u>	<u>0.00</u>	<u>2,532,417.55</u>
Governmental Activities Capital Assets, Net	<u>\$7,934,897.15</u>	<u>\$530,243.55</u>	<u>\$0.00</u>	<u>\$8,465,140.70</u>

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 6. CAPITAL ASSETS: (continued)**

	Balance 6/30/12	Additions	Deductions	Balance 6/30/13
<b>Business-Type Activity</b>				
Furniture and Equipment	\$263,162.37	\$18,582.94	(\$27,857.37)	\$253,887.94
Less Accumulated Depreciation				
Furniture and Equipment	(124,951.00)	(21,671.37)	27,857.37	(118,765.00)
Business-Type Activity Capital Assets, Net	<u>\$138,211.37</u>	<u>(\$3,088.43)</u>	<u>\$0.00</u>	<u>\$135,122.94</u>

Depreciation expense was charged governmental functions as follows:

Regulation Instruction	\$9,869.00
Student & Instruction Related Services	21,596.00
General Administrative Services	46,415.00
School Administrative Services	8,976.00
Plant Operations and Maintenance	22,538.00
Unallocated Depreciation	<u>253,919.83</u>

Total Depreciation Expense	<u>\$363,313.83</u>
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**NOTE 7. LONG-TERM OBLIGATION ACTIVITY:**

Changes in long-term obligations for the year ended June 30, 2013 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Long-term Portion
<b>Governmental Activities:</b>						
Bonds Payable:						
General Obligation Debt	<u>\$4,278,000.00</u>	<u>\$</u>	<u>\$295,000.00</u>	<u>\$3,983,000.00</u>	<u>\$300,000.00</u>	<u>\$3,683,000.00</u>
Total Bonds Payable	<u>4,278,000.00</u>	<u></u>	<u>295,000.00</u>	<u>3,983,000.00</u> 0.00	<u>300,000.00</u>	<u>3,683,000.00</u>
Other Liabilities:						
Compensated Absences Payable	456,000.00	123,460.00	158,660.00	420,800.00		420,800.00
Capital Lease Payable		320,028.38	58,643.08	261,385.30	104,464.68	156,920.62
Loans Payable	<u>63,410.19</u>	<u></u>	<u>31,166.60</u>	<u>32,243.59</u>	<u>32,243.59</u>	<u></u>
Total Other Liabilities	<u>519,410.19</u>	<u>443,488.38</u>	<u>248,469.68</u>	<u>714,428.89</u>	<u>136,708.27</u>	<u>577,720.62</u>
Total Governmental Activities	<u>\$4,797,410.19</u>	<u>\$443,488.38</u>	<u>\$543,469.68</u>	<u>\$4,697,428.89</u>	<u>\$436,708.27</u>	<u>\$4,260,720.62</u>

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY: (continued)**

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Outstanding bonds payable at June 30, 2013 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2013</u>
\$1,597,000.00 School Bonds, Series 1995	8/1/1995	5.60%-5.80%	8/1/2015	\$297,000.00
\$4,256,000.00 School Bonds, Series 2009	4/30/2009	3.00%-4.00%	9/1/2024	<u>3,686,000.00</u>
				<u>\$3,983,000.00</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$300,000.00	\$141,897.26	\$441,897.26
2015	325,000.00	129,722.26	454,722.26
2016	347,000.00	116,884.26	463,884.26
2017	275,000.00	106,196.26	381,196.26
2018	285,000.00	97,618.13	382,618.13
2019-2023	1,715,000.00	318,087.50	2,033,087.50
2024-2025	<u>736,000.00</u>	<u>29,360.00</u>	<u>765,360.00</u>
	<u>\$3,983,000.00</u>	<u>\$939,765.67</u>	<u>\$4,922,765.67</u>

**B. Bonds Authorized But Not Issued**

As of June 30, 2013 the Board has no authorized but not issued bonds.

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY: (continued)**

**C. Capital Leases**

The District is leasing copiers under a capital lease. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2013:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$104,464.68	\$10,375.32	\$114,840.00
2015	109,645.36	5,194.64	114,840.00
2016	<u>47,275.26</u>	<u>574.74</u>	<u>47,850.00</u>
	<u>\$261,385.30</u>	<u>\$16,144.70</u>	<u>\$277,530.00</u>

**D. Loans Payable**

The District is obligated to repay two low interest loans from the Economic Development Authority. The loans were used to fund the Safe School Program and the Small Projects Program and will be retired through the Debt Service Fund. Principal and interest due on the loans outstanding are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$32,243.59</u>	<u>\$719.47</u>	<u>\$32,963.06</u>

**NOTE 8. PENSION PLANS:**

**Description of Plans** - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm). Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in DCRP.



**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 8. PENSION PLANS: (continued)**

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

**Contribution Requirements** - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums. Employee contributions for DCRP are based on 5.50% of employee's annual compensation and are matched by a 3% employer contribution.

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 8. PENSION PLANS: (continued)**

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year <u>Ending</u>	
6/30/13	\$352,951.00
6/30/12	345,253.00
6/30/11	311,103.00

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/13	\$844,253.00	\$1,004,863.00	\$44,419.00
6/30/12	386,345.00	860,001.00	41,460.00
6/30/11		842,170.00	39,650.00

During the year ended June 30, 2013, the State of New Jersey contributed \$1,893,535.00 to the TPAF for pension contributions, NCGI Premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$984,305.94 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 9. POST-RETIREMENT BENEFITS:**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

**NOTE 10. DEFERRED COMPENSATION:**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

American United Life  
Met Life Investors  
AXA Equitable Life Assurance  
Tax Deferred Services  
AIG VALIC

**NOTE 11. RISK MANAGEMENT:**

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 11. RISK MANAGEMENT: (continued)**

**Property and Liability Insurance**

The School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements are available at the Administrators' Office, as follows:

**PIP**

Burton Agency  
 44 Bergen Street  
 PO Box 270  
 Westwood, NJ 07675  
 201-664-0310

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$33,402.44	\$45,454.10	\$19,344.55	\$201,901.45
2011-2012	138.69	41,559.02	20,661.02	142,389.46
2010-2011	178.77	39,821.00	11,636.00	121,352.77

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 12. CAPITAL RESERVE ACCOUNT:**

A capital reserve account was established by the Borough of Pompton Lakes Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$718,061.00
Deposit - Board Resolution June 11, 2013	<u>600,000.00</u>
	1,318,061.00
Budgeted Withdrawal	<u>366,862.85</u>
Ending balance, June 30, 2013	<u>\$951,198.15</u>

The balance in the capital reserve account at June 30, 2013 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by Board of Education resolution adopted June 30, 2012. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (*N.J.S.A. 18A:7G-9*). EFCRA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$430,036.00
Deposit - Board Resolution June 11, 2013	<u>200,000.00</u>
Ending balance, June 30, 2013	<u>\$630,036.00</u>

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2013**

**NOTE 14. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$2,608,994.06 General Fund fund balance at June 30, 2013, \$400,312.25 is reserved for encumbrances; \$379,687.92 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$178,569.75 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2014); \$951,198.15 has been reserved in the Capital Reserve Account; \$630,036.00 has been reserved in the Maintenance Reserve Account; \$.25 has been appropriated and included as anticipated revenue for the year ended June 30, 2014; and \$247,759.49 is unreserved and undesignated.

**Capital Projects Fund** - The \$5,466.68 Capital Projects Fund fund balance is restricted.

**Debt Service Fund** - The \$(.23) Debt Service Fund fund balance at June 30, 2013, is restricted.

**NOTE 15. CALCULATION OF EXCESS SURPLUS:**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$379,687.92. Of this amount, \$201,118.17 is the result of the current year's operations and \$178,569.75 is the result of prior year operations.

**NOTE 16. INVENTORY:**

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$3,424.48
Supplies	<u>1,728.12</u>
	<u>\$5,152.60</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2013**

**NOTE 17. CONTINGENT LIABILITIES:**

**Grant Programs** - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**Litigation** - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. The District estimates that any potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**NOTE 18. SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through November 11, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**



## **BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Exhibit C-1

Page 1 of 5

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	22,341,918.00		22,341,918.00	22,341,918.00	
Tuition Charges	1,719,052.00		1,719,052.00	1,921,017.96	201,965.96
Rental Income	18,000.00		18,000.00	17,725.00	(275.00)
Interest Earned on Capital Reserve Funds	2,000.00		2,000.00		(2,000.00)
Interest on Investments	20,000.00		20,000.00	3,763.62	(16,236.38)
Miscellaneous	27,631.00		27,631.00	85,787.53	58,156.53
Total - Local Sources	24,128,601.00		24,128,601.00	24,370,212.11	241,611.11
State Sources:					
Categorical Special Education Aid	931,495.00		931,495.00	931,495.00	
Equalization Aid	2,773,837.00		2,773,837.00	2,773,837.00	
Categorical Security Aid	31,881.00		31,881.00	31,881.00	
Categorical Transportation Aid	29,339.00		29,339.00	29,339.00	
Extraordinary Aid	300,000.00		300,000.00	350,357.00	50,357.00
On-behalf TPAF Pension (non-budgeted)				844,253.00	844,253.00
On-behalf TPAF NCGI Premium (non-budgeted)				44,419.00	44,419.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				1,004,863.00	1,004,863.00
TPAF Social Security (Reimbursed - Non-Budgeted)				984,305.94	984,305.94
Total - State Sources	4,066,552.00		4,066,552.00	6,994,749.94	2,928,197.94
Federal Sources:					
Medicaid Reimbursement	20,000.00		20,000.00	5,365.65	(14,634.35)
Total - Federal Sources	20,000.00		20,000.00	5,365.65	(14,634.35)
<b>TOTAL REVENUES</b>	<b>28,215,153.00</b>		<b>28,215,153.00</b>	<b>31,370,327.70</b>	<b>3,155,174.70</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool/Kindergarten - Salaries of Teachers	254,988.00	(2,931.35)	252,056.65	252,056.20	0.45
Grades 1-5 - Salaries of Teachers	2,736,876.00	(23,174.55)	2,713,701.45	2,712,788.75	912.70
Grades 6-8 - Salaries of Teachers	1,695,037.00	(17,146.35)	1,677,890.65	1,677,591.80	298.85
Grades 9-12 - Salaries of Teachers	3,407,092.00	(65,935.52)	3,341,156.48	3,340,741.07	415.41
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	15,000.00	(7,650.00)	7,350.00	6,802.31	547.69
Purchased Professional-Educational Services	5,000.00	14,600.82	19,600.82	19,600.82	
<b>Regular Programs - Undistributed Instruction</b>					
Other Purchased Services (400-500 series)	9,916.00	27,633.43	37,549.43	36,910.53	638.90
General Supplies	392,224.82	233,254.61	625,479.43	528,182.39	97,297.04
Textbooks	67,509.00	9,634.37	77,143.37	76,671.80	471.57
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>8,583,642.82</b>	<b>168,285.46</b>	<b>8,751,928.28</b>	<b>8,651,345.67</b>	<b>100,582.61</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	147,982.00	53,103.52	201,085.52	201,085.42	0.10
Other Salaries for Instruction	118,176.00	(33,113.50)	85,062.50	80,692.66	4,369.84
General Supplies	2,643.00	36.06	2,679.06	2,679.06	
Textbooks	1,243.00	(448.17)	794.83		794.83
<b>Total Learning and/or Language Disabilities</b>	<b>270,044.00</b>	<b>19,577.91</b>	<b>289,621.91</b>	<b>284,457.14</b>	<b>5,164.77</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,377,334.00	(50,589.90)	1,326,744.10	1,324,744.10	2,000.00
Other Salaries for Instruction	466,630.00	83,688.45	550,318.45	544,161.10	6,157.35
General Supplies	5,382.00	479.66	5,861.66	5,797.73	63.93
Textbooks	1,545.00	(55.26)	1,489.74	1,400.00	89.74
<b>Total Resource Room/Resource Center</b>	<b>1,850,891.00</b>	<b>33,522.95</b>	<b>1,884,413.95</b>	<b>1,876,102.93</b>	<b>8,311.02</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Exhibit C-1

Page 2 of 5

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Autism:</b>					
Salaries of Teachers	151,563.00	58,603.53	210,166.53	201,589.11	8,577.42
Other Salaries for Instruction	515,411.00	34,898.25	550,309.25	525,558.85	24,750.40
Purchased Professional-Educational Services	83,000.00	(5,908.40)	77,091.60	57,881.00	19,210.60
Other Purchased Services (400-500 series)	5,000.00	(2,000.00)	3,000.00	208.64	2,791.36
General Supplies	11,075.00	9,962.97	21,037.97	11,650.44	9,387.53
Other Objects		2,717.60	2,717.60	2,717.60	
<b>Total Autism</b>	<b>766,049.00</b>	<b>98,273.95</b>	<b>864,322.95</b>	<b>799,605.64</b>	<b>64,717.31</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	65,341.00	3,343.72	68,684.72	67,547.60	1,137.12
Other Salaries for Instruction	35,950.00	14,045.37	49,995.37	49,995.37	
General Supplies	790.00	649.92	1,439.92	800.99	638.93
<b>Total Preschool Disabilities - Part-Time</b>	<b>102,081.00</b>	<b>18,039.01</b>	<b>120,120.01</b>	<b>118,343.96</b>	<b>1,776.05</b>
<b>Home Instruction:</b>					
Salaries of Teachers	10,000.00	(4,000.00)	6,000.00		6,000.00
Purchased Professional-Educational Services	5,000.00	(134.90)	4,865.10		4,865.10
<b>Total Home Instruction</b>	<b>15,000.00</b>	<b>(4,134.90)</b>	<b>10,865.10</b>		<b>10,865.10</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>3,004,065.00</b>	<b>165,278.92</b>	<b>3,169,343.92</b>	<b>3,078,509.67</b>	<b>90,834.25</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	345,935.00	4,197.68	350,132.68	338,470.82	11,661.86
General Supplies	2,834.00		2,834.00	2,554.51	279.49
Textbooks	1,078.00		1,078.00		1,078.00
<b>Total Basic Skills/Remedial - Instruction</b>	<b>349,847.00</b>	<b>4,197.68</b>	<b>354,044.68</b>	<b>341,025.33</b>	<b>13,019.35</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	249,163.00	(26,634.78)	222,528.22	222,116.11	412.11
Other Salaries for Instruction	29,980.00		29,980.00	29,876.99	103.01
General Supplies	2,371.00		2,371.00	1,389.58	981.42
<b>Total Bilingual Education - Instruction</b>	<b>281,514.00</b>	<b>(26,634.78)</b>	<b>254,879.22</b>	<b>253,382.68</b>	<b>1,496.54</b>
<b>School-Sponsored Cocurricular Activities - Instruction</b>					
Salaries	131,984.00	10,922.58	142,906.58	140,288.82	2,617.76
Supplies and Materials	34,000.00	7,739.94	41,739.94	39,939.94	1,800.00
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>165,984.00</b>	<b>18,662.52</b>	<b>184,646.52</b>	<b>180,228.76</b>	<b>4,417.76</b>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	289,595.00	16,970.04	306,565.04	306,565.04	
Purchased Services (300-500 series)	59,961.00	(11,305.00)	48,656.00	46,953.00	1,703.00
Supplies and Materials	56,625.40	(1,259.00)	55,366.40	53,120.62	2,245.78
Other Objects	30,576.00		30,576.00	13,880.50	16,695.50
<b>Total School-Sponsored Athletics - Instruction</b>	<b>436,757.40</b>	<b>4,406.04</b>	<b>441,163.44</b>	<b>420,519.16</b>	<b>20,644.28</b>
<b>TOTAL INSTRUCTION</b>	<b>12,821,810.22</b>	<b>334,195.84</b>	<b>13,156,006.06</b>	<b>12,925,011.27</b>	<b>230,994.79</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special	424,668.00	7,935.27	432,603.27	432,559.75	43.52
Tuition to County Vocational School District - Regular	62,706.00	4,640.00	67,346.00	67,096.20	249.80
Tuition to County Vocational School District - Special	79,825.00	(55,039.23)	24,785.77	21,544.00	3,241.77
Tuition to CSSD & Regional Day Schools	120,621.00	26,384.00	147,005.00	147,005.00	
Tuition to Private Schools for the Disabled - Within State	484,760.00	(38,804.83)	445,955.17	435,377.24	10,577.93
Tuition - State Facilities	83,075.00	(51,710.00)	31,365.00	31,365.00	
<b>Total Undistributed Expenditures - Instruction:</b>	<b>1,255,655.00</b>	<b>(106,594.79)</b>	<b>1,149,060.21</b>	<b>1,134,947.19</b>	<b>14,113.02</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	19,464.00		19,464.00	19,062.01	401.99
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>19,464.00</b>		<b>19,464.00</b>	<b>19,062.01</b>	<b>401.99</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	391,918.00		391,918.00	390,537.19	1,380.81
Purchased Professional and Technical Services	24,500.00	4,096.10	28,596.10	25,002.75	3,593.35
Supplies and Materials	7,026.00	(238.63)	6,787.37	6,704.43	82.94
<b>Total Undistributed Expenditures - Health Services</b>	<b>423,444.00</b>	<b>3,857.47</b>	<b>427,301.47</b>	<b>422,244.37</b>	<b>5,057.10</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Exhibit C-1

Page 3 of 5

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>					
Salaries	333,568.00	(65,732.60)	267,835.40	267,058.87	776.53
Purchased Professional - Educational Services	140,342.00	(19,874.63)	120,467.37	95,993.47	24,473.90
Supplies and Materials	1,347.00		1,347.00	1,343.78	3.22
<b>Total Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>	<b>475,257.00</b>	<b>(85,607.23)</b>	<b>389,649.77</b>	<b>364,396.12</b>	<b>25,253.65</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>					
Purchased Professional - Educational Services	5,000.00	(5,000.00)			
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<b>5,000.00</b>	<b>(5,000.00)</b>			
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	399,155.00	9,906.33	409,061.33	409,061.33	
Salaries of Secretarial and Clerical Assistants	34,170.00	444.96	34,614.96	34,614.96	
Purchased Professional - Educational Services	5,564.00	(3,997.32)	1,566.68	1,013.79	552.89
Other Purchased Services (400-500 series)		4,186.87	4,186.87	4,186.87	
Supplies and Materials		2,837.21	2,837.21	2,837.21	
<b>Total Undist. Expend. - Guidance</b>	<b>438,889.00</b>	<b>13,378.05</b>	<b>452,267.05</b>	<b>451,714.16</b>	<b>552.89</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	652,010.00	498.57	652,508.57	651,834.71	673.86
Salaries of Secretarial and Clerical Assistants	85,773.00	568.54	86,341.54	86,341.54	
Miscellaneous Purchased Services (400-500 series)	2,800.00	4,186.87	6,986.87	6,019.65	967.22
Supplies and Materials	21,090.00		21,090.00	17,648.82	3,441.18
<b>Total Undist. Expend. - Child Study Teams</b>	<b>761,673.00</b>	<b>5,253.98</b>	<b>766,926.98</b>	<b>761,844.72</b>	<b>5,082.26</b>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Supervisor of Instruction	377,859.00		377,859.00	353,730.98	24,128.02
Salaries of Secretarial and Clerical Assistants	35,190.00	510.87	35,700.87	35,700.87	
Other Purch Services (400-500)	500.00		500.00	159.03	340.97
Supplies and Materials		733.95	733.95	733.95	
Other Objects	23,000.00	(455.95)	22,544.05	20,353.15	2,190.90
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>436,549.00</b>	<b>788.87</b>	<b>437,337.87</b>	<b>410,677.98</b>	<b>26,659.89</b>
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	348,420.00	(1,484.80)	346,935.20	346,935.20	
Other Purchased Services (400-500 series)	18,900.00		18,900.00	18,900.00	
Supplies and Materials	52,234.75	(3,353.99)	48,880.76	47,934.83	945.93
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>419,554.75</b>	<b>(4,838.79)</b>	<b>414,715.96</b>	<b>413,770.03</b>	<b>945.93</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Purchased Professional - Educational Service	20,000.00	14,000.00	34,000.00	21,376.57	12,623.43
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>20,000.00</b>	<b>14,000.00</b>	<b>34,000.00</b>	<b>21,376.57</b>	<b>12,623.43</b>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	288,007.00	(184.00)	287,823.00	277,989.83	9,833.17
Legal Services	35,000.00	(15,482.56)	19,517.44	8,313.00	11,204.44
Audit Fees	28,000.00	(70.02)	27,929.98	23,660.00	4,269.98
Architectural/Engineering Services	18,744.35	20,633.85	39,378.20	39,378.20	
Other Purchased Professional Services		6,204.37	6,204.37	6,204.37	
Communications/Telephone	88,000.00	(23,500.00)	64,500.00	64,166.15	333.85
BOE Other Purchased Services	8,000.00		8,000.00	3,145.75	4,854.25
Other Purchased Services (400-500 series)	2,300.00		2,300.00	1,527.50	772.50
General Supplies	38,000.00	(8,493.13)	29,506.87	15,512.89	13,993.98
Miscellaneous Expenditures	10,000.00	3,442.03	13,442.03	10,757.37	2,684.66
BOE Membership Dues and Fees	15,000.00		15,000.00	14,125.80	874.20
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>531,051.35</b>	<b>(17,449.46)</b>	<b>513,601.89</b>	<b>464,780.86</b>	<b>48,821.03</b>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	794,332.00		794,332.00	791,314.73	3,017.27
Salaries of Program Directors		281,787.00	281,787.00	214,630.75	67,156.25
Salaries of Other Professional Staff	211,240.00	(211,240.00)			
Salaries of Secretarial and Clerical Assistants	410,469.00	(386.56)	410,082.44	403,501.36	6,581.08
Other Purchased Services (400-500 series)		20,934.38	20,934.38	20,934.38	
Supplies and Materials	29,803.24	(2,003.55)	27,799.69	27,049.49	750.20
Other Objects	10,000.00	(414.00)	9,586.00	262.50	9,323.50
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>1,455,844.24</b>	<b>88,677.27</b>	<b>1,544,521.51</b>	<b>1,457,693.21</b>	<b>86,828.30</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Exhibit C-1

Page 4 of 5

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Central Services</b>					
Salaries	402,193.00		402,193.00	392,339.32	9,853.68
Purchased Technical Services	21,000.00		21,000.00	10,973.38	10,026.62
Miscellaneous Purchased Services (400-500 series)	29,000.00	8,373.75	37,373.75	24,948.85	12,424.90
Supplies and Materials	32,480.00	(7,190.00)	25,290.00	12,471.67	12,818.33
Miscellaneous Expenditures	2,000.00		2,000.00	1,234.25	765.75
<b>Total Undist. Expend. - Central Services</b>	<b>486,673.00</b>	<b>1,183.75</b>	<b>487,856.75</b>	<b>441,967.47</b>	<b>45,889.28</b>
<b>Undist. Expend. - Admin. Information Technology</b>					
Salaries	49,419.00		49,419.00	49,419.00	
Purchased Technical Services	6,500.00		6,500.00	6,091.50	408.50
<b>Total Undist. Expend. - Admin. Information Technology</b>	<b>55,919.00</b>		<b>55,919.00</b>	<b>55,510.50</b>	<b>408.50</b>
<b>Undist. Expend. - Required Maint. for School Facilities</b>					
Salaries	338,451.00	25,996.07	364,447.07	363,676.12	770.95
Cleaning, Repair and Maintenance Services	663,343.81	179,470.67	842,814.48	715,543.31	127,271.17
General Supplies	95,000.00	33,205.65	128,205.65	127,121.25	1,084.40
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>1,096,794.81</b>	<b>238,672.39</b>	<b>1,335,467.20</b>	<b>1,206,340.68</b>	<b>129,126.52</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	925,760.00	60,643.87	986,403.87	986,403.87	
Cleaning, Repair and Maintenance Services	10,200.00	(9,258.85)	941.15		941.15
Other Purchased Property Services	36,000.00	884.19	36,884.19	33,608.81	3,275.38
Insurance	226,418.00	(25,554.00)	200,864.00	200,864.00	
General Supplies	98,000.00	1,160.82	99,160.82	93,172.00	5,988.82
Energy (Electricity)	460,000.00	(143,424.95)	316,575.05	316,299.72	275.33
Other Objects	3,000.00	(2,770.00)	230.00		230.00
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,759,378.00</b>	<b>(118,318.92)</b>	<b>1,641,059.08</b>	<b>1,630,348.40</b>	<b>10,710.68</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Contracted Services (Other than Bet. Home and School)-Vendors	110,639.00	4,146.51	114,785.51	95,841.75	18,943.76
Contracted Services (Between Home and School)-Joint Agrmnts	10,000.00	(10,000.00)			
Contracted Services (Special Ed. Students)-Joint Agrmnts	545,000.00	(545,000.00)			
Contracted Services (Regular Students)-ESC's & CTSA's		51,400.30	51,400.30	51,400.30	
Contracted Services (Special Ed. Students)-ESC's & CTSA's		433,781.94	433,781.94	392,236.77	41,545.17
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>665,639.00</b>	<b>(65,671.25)</b>	<b>599,967.75</b>	<b>539,478.82</b>	<b>60,488.93</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	375,434.00	12,520.00	387,954.00	387,953.30	0.70
Other Retirement Contributions - PERS	385,445.00	(16,100.00)	369,345.00	352,951.00	16,394.00
Other Retirement Contributions - Regular		1,700.00	1,700.00	1,655.82	44.18
Unemployment Compensation	50,000.00	14,506.22	64,506.22	64,506.22	
Workmen's Compensation	195,000.00	(28,289.89)	166,710.11	166,278.00	432.11
Health Benefits	4,342,731.00	(533,832.51)	3,808,898.49	3,587,315.55	221,582.94
Tuition Reimbursement	45,000.00		45,000.00	27,477.59	17,522.41
Other Employee Benefits	69,750.00	3,705.54	73,455.54	49,955.54	23,500.00
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>5,463,360.00</b>	<b>(545,790.64)</b>	<b>4,917,569.36</b>	<b>4,638,093.02</b>	<b>279,476.34</b>
On-behalf TPAF Pension (non-budgeted)				844,253.00	(844,253.00)
On-behalf TPAF NCGI Premium (non-budgeted)				44,419.00	(44,419.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				1,004,863.00	(1,004,863.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				984,305.94	(984,305.94)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,877,840.94</b>	<b>(2,877,840.94)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>5,463,360.00</b>	<b>(545,790.64)</b>	<b>4,917,569.36</b>	<b>7,515,933.96</b>	<b>(2,598,364.60)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>15,770,145.15</b>	<b>(583,459.30)</b>	<b>15,186,685.85</b>	<b>17,312,087.05</b>	<b>(2,125,401.20)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>28,591,955.37</b>	<b>(249,263.46)</b>	<b>28,342,691.91</b>	<b>30,237,098.32</b>	<b>(1,894,406.41)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Grades 9-12		8,417.67	8,417.67	5,768.52	2,649.15
<b>Support Services:</b>					
Undistributed Expenditures - Child Study Team		4,381.00	4,381.00		4,381.00
Undistributed Expenditures - Central Services		2,000.00	2,000.00	2,000.00	
Undistributed Expenditures - Required Maint for School Fac.	40,000.00	185,864.79	225,864.79	76,726.74	149,138.05
<b>Total Equipment</b>	<b>40,000.00</b>	<b>200,663.46</b>	<b>240,663.46</b>	<b>84,495.26</b>	<b>156,168.20</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

Exhibit C-1

Page 5 of 5

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	563,070.00	48,600.00	611,670.00	459,032.85	152,637.15
Assesment for Debt Service on SDA Funding	289.00		289.00	289.00	
<b>Total Facilities Acquisition and Construction Services</b>	<u>563,359.00</u>	<u>48,600.00</u>	<u>611,959.00</u>	<u>459,321.85</u>	<u>152,637.15</u>
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>					
<b>Undistributed Expenditures:</b>					
Undistributed Expenditures - General Administration				320,028.38	(320,028.38)
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>				<u>320,028.38</u>	<u>(320,028.38)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>603,359.00</u>	<u>249,263.46</u>	<u>852,622.46</u>	<u>863,845.49</u>	<u>(11,223.03)</u>
<b>TOTAL EXPENDITURES</b>	<u>29,195,314.37</u>	<u>0.00</u>	<u>29,195,314.37</u>	<u>31,100,943.81</u>	<u>(1,905,629.44)</u>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures	<u>(980,161.37)</u>		<u>(980,161.37)</u>	<u>269,383.89</u>	<u>1,249,545.26</u>
<b>Other Financing Sources/(Uses):</b>					
Capital Leases (non-budgeted)				320,028.38	320,028.38
<b>Total Other Financing Sources/(Uses):</b>				<u>320,028.38</u>	<u>320,028.38</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(980,161.37)</u>		<u>(980,161.37)</u>	<u>589,412.27</u>	<u>1,569,573.64</u>
<b>Fund Balance, July 1</b>	<u>2,380,240.79</u>		<u>2,380,240.79</u>	<u>2,380,240.79</u>	
<b>Fund Balance, June 30</b>	<u>1,400,079.42</u>		<u>1,400,079.42</u>	<u>2,969,653.06</u>	<u>1,569,573.64</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures</b>					
Adjustment for Prior Year Encumbrances	<u>(199,649.37)</u>		<u>(199,649.37)</u>	<u>(199,649.37)</u>	
Increase in Capital Reserve:					
Principal				600,000.00	600,000.00
Interest	<u>2,000.00</u>		<u>2,000.00</u>		(2,000.00)
Withdrawal from Capital Reserve	<u>(500,000.00)</u>		<u>(500,000.00)</u>	<u>(366,862.85)</u>	<u>133,137.15</u>
Increase in Maintenance Reserve				200,000.00	200,000.00
Budgeted Fund Balance	<u>(282,512.00)</u>		<u>(282,512.00)</u>	<u>355,924.49</u>	<u>638,436.49</u>
	<u>(980,161.37)</u>		<u>(980,161.37)</u>	<u>589,412.27</u>	<u>1,569,573.64</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				951,198.15	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				178,569.75	
Reserve for Excess Surplus - Current Year				201,118.17	
Maintenance Reserve				630,036.00	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				400,312.25	
Designated for Subsequent Year's Expenditures				0.25	
<b>Unassigned Fund Balance</b>				<u>608,418.49</u>	
				<u>2,969,653.06</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(360,659.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>2,608,994.06</u>	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2013**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		42,423.00	42,423.00	42,423.00	
State Sources	97,066.00	20,485.00	117,551.00	89,928.00	(27,623.00)
Federal Sources	594,244.00	40,531.00	634,775.00	626,303.12	(8,471.88)
<b>Total Revenues</b>	<b>691,310.00</b>	<b>103,439.00</b>	<b>794,749.00</b>	<b>758,654.12</b>	<b>(36,094.88)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	125,324.00	(53,549.00)	71,775.00	71,775.00	
Purchased Professional - Educational Services	85,481.00	16,859.00	102,340.00	74,717.00	27,623.00
Purchased Professional and Technical Services		600.00	600.00	600.00	
Other Purchased Services (400-500 series)	414,357.00	(52,918.00)	361,439.00	361,439.00	
General Supplies	12,932.00	62,377.00	75,309.00	75,309.00	
Textbooks	11,585.00	(489.00)	11,096.00	11,096.00	
<b>Total Instruction</b>	<b>649,679.00</b>	<b>(27,120.00)</b>	<b>622,559.00</b>	<b>594,936.00</b>	<b>27,623.00</b>
<b>Support Services:</b>					
Other Salaries		14,200.00	14,200.00	9,800.00	4,400.00
Personal Services - Employee Benefits		7,410.00	7,410.00	7,410.00	
Purchased Professional & Technical Services	41,631.00	98,499.00	140,130.00	136,058.12	4,071.88
Other Purchased Services (400-500 series)		8,157.00	8,157.00	8,157.00	
Supplies & Materials		2,293.00	2,293.00	2,293.00	
<b>Total Support Services</b>	<b>41,631.00</b>	<b>130,559.00</b>	<b>172,190.00</b>	<b>163,718.12</b>	<b>8,471.88</b>
Total Expenditures	691,310.00	103,439.00	794,749.00	758,654.12	36,094.88
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>					

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information**  
**For the Year Ended June 30, 2013**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	31,370,327.70	758,654.12
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			7,738.46
Less Current Year Encumbrances			(4,800.00)
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(360,659.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		339,551.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>31,349,219.70</u>	<u>761,592.58</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	31,100,943.81	758,654.12
Differences - budget to GAAP			
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		N/A	
Add Prior Year Encumbrances			7,738.46
Less Current Year Encumbrances			(4,800.00)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>31,100,943.81</u>	<u>761,592.58</u>



**SPECIAL REVENUE FUND**

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

## Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2013

	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	Title III English Language Acquisition and Enhancement	Carryover Title III English Language Acquisition and Enhancement	Totals 2013
<b>REVENUES</b>					
Local Sources	42,423.00				42,423.00
State Sources	89,928.00				89,928.00
Federal Sources	470,691.00	114,767.12	9,700.00	3,800.00	626,303.12
<b>Total Revenues</b>	603,042.00	114,767.12	9,700.00	3,800.00	758,654.12
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	4,000.00	63,975.00		3,800.00	71,775.00
Purchased Professional - Educational Services	74,717.00				74,717.00
Purchased Professional and Technical Services			600.00		600.00
Other Purchased Services (400-500 series)	361,439.00				361,439.00
General Supplies	72,429.00	1,800.00	1,080.00		75,309.00
Textbooks	11,096.00				11,096.00
<b>Total Instruction</b>	523,681.00	65,775.00	1,680.00	3,800.00	594,936.00
<b>Support Services:</b>					
Other Salaries		4,000.00	5,800.00		9,800.00
Personal Services - Employee Benefits		6,630.00	780.00		7,410.00
Purchased Professional & Technical Services	71,861.00	36,852.12	27,345.00		136,058.12
Other Purchased Services (400-500 series)	7,500.00		657.00		8,157.00
Supplies & Materials		1,510.00	783.00		2,293.00
<b>Total Support Services</b>	79,361.00	48,992.12	8,020.00		163,718.12
<b>Total Expenditures</b>	603,042.00	114,767.12	9,700.00	3,800.00	758,654.12
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2013**

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B		Race to the Top	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Total Carried Forward
		Basic	Preschool				
<b>REVENUES</b>							
Local Sources	42,423.00						42,423.00
State Sources	63,431.00				11,096.00	15,401.00	89,928.00
Federal Sources		449,355.00	12,891.00	8,445.00			470,691.00
<b>Total Revenues</b>	<b>105,854.00</b>	<b>449,355.00</b>	<b>12,891.00</b>	<b>8,445.00</b>	<b>11,096.00</b>	<b>15,401.00</b>	<b>603,042.00</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	4,000.00						4,000.00
Purchased Professional - Educational Services	59,316.00					15,401.00	74,717.00
Purchased Professional and Technical Services							
Other Purchased Services (400-500 series)		361,439.00					361,439.00
General Supplies	42,538.00	17,000.00	12,891.00		11,096.00		72,429.00
Textbooks							11,096.00
<b>Total Instruction</b>	<b>105,854.00</b>	<b>378,439.00</b>	<b>12,891.00</b>		<b>11,096.00</b>	<b>15,401.00</b>	<b>523,681.00</b>
<b>Support services:</b>							
Other Salaries							
Personal Services - Employee Benefits				8,445.00			71,861.00
Purchased Professional & Technical Services		63,416.00					7,500.00
Other Purchased Services (400-500 series)		7,500.00					
Supplies & Materials							
<b>Total Support Services</b>		<b>70,916.00</b>		<b>8,445.00</b>			<b>79,361.00</b>
<b>Total Expenditures</b>	<b>105,854.00</b>	<b>449,355.00</b>	<b>12,891.00</b>	<b>8,445.00</b>	<b>11,096.00</b>	<b>15,401.00</b>	<b>603,042.00</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>							
<b>Expenditures and Other Financing Sources (Uses)</b>							

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2013**

	Total Brought Forward (Ex. E-1d)	Nonpublic Technology Aid	Ch. 192 Auxiliary Services Nonpublic Compensatory Education	Ch. 193 - Handicapped Services Nonpublic Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Total Carried Forward
<b>REVENUES</b>							
Local Sources	42,423.00						42,423.00
State Sources		4,115.00	24,664.00	10,990.00	13,671.00	9,991.00	63,431.00
Federal Sources							
<b>Total Revenues</b>	<b>42,423.00</b>	<b>4,115.00</b>	<b>24,664.00</b>	<b>10,990.00</b>	<b>13,671.00</b>	<b>9,991.00</b>	<b>105,854.00</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	4,000.00						4,000.00
Purchased Professional - Educational Services			24,664.00	10,990.00	13,671.00	9,991.00	59,316.00
Purchased Professional and Technical Services							
Other Purchased Services (400-500 series)							
General Supplies	38,423.00	4,115.00					42,538.00
Textbooks							
<b>Total Instruction</b>	<b>42,423.00</b>	<b>4,115.00</b>	<b>24,664.00</b>	<b>10,990.00</b>	<b>13,671.00</b>	<b>9,991.00</b>	<b>105,854.00</b>
<b>Support Services:</b>							
Other Salaries							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Other Purchased Services (400-500 series)							
Supplies & Materials							
<b>Total Support Services</b>							
<b>Total Expenditures</b>	<b>42,423.00</b>	<b>4,115.00</b>	<b>24,664.00</b>	<b>10,990.00</b>	<b>13,671.00</b>	<b>9,991.00</b>	<b>105,854.00</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>							
<b>Expenditures and Other Financing Sources (Uses)</b>							

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2013**

	PLMAC	Lenox School PTA	Steer Donation	Dupont Donation	Beshada Farnese Donation	Giants Foundation Donation	Total Carried Forward
<b>REVENUES</b>							
Local Sources	4,000.00	7,423.00	1,000.00	25,000.00	3,000.00	2,000.00	42,423.00
State Sources							
Federal Sources							
<b>Total Revenues</b>	<u>4,000.00</u>	<u>7,423.00</u>	<u>1,000.00</u>	<u>25,000.00</u>	<u>3,000.00</u>	<u>2,000.00</u>	<u>42,423.00</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	4,000.00						4,000.00
Purchased Professional - Educational Services							
Purchased Professional and Technical Services							
Other Purchased Services (400-500 series)		7,423.00	1,000.00	25,000.00	3,000.00	2,000.00	38,423.00
General Supplies							
Textbooks							
<b>Total instruction</b>	<u>4,000.00</u>	<u>7,423.00</u>	<u>1,000.00</u>	<u>25,000.00</u>	<u>3,000.00</u>	<u>2,000.00</u>	<u>42,423.00</u>
<b>Support services:</b>							
Other Salaries							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Other Purchased Services (400-500 series)							
Supplies & Materials							
<b>Total support services</b>							
<b>Total Expenditures</b>	<u>4,000.00</u>	<u>7,423.00</u>	<u>1,000.00</u>	<u>25,000.00</u>	<u>3,000.00</u>	<u>2,000.00</u>	<u>42,423.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>							

**CAPITAL PROJECTS FUND**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2013**

Expenditures and Other Financing Uses	
Construction Services	30,000.00
Total Expenditures	<u>30,000.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources	
Over (Under) Expenditures and Other Financing Sources (Uses)	(30,000.00)
Fund Balance - Beginning	<u>35,466.68</u>
Fund Balance - Ending	<u><u>5,466.68</u></u>
Recapitulation:	
Restricted	<u>5,466.68</u>
	<u><u>5,466.68</u></u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**High School Improvements**  
**For the Year Ended June 30, 2013**

	<b>Prior Periods</b>	<b>Current Year</b>	<b>Totals</b>	<b>Revised Authorized Cost</b>
Revenues and Other Financing Sources				
Bond Proceeds and transfers	4,256,000.00		4,256,000.00	4,256,000.00
Total Revenues	<u>4,256,000.00</u>	<u></u>	<u>4,256,000.00</u>	<u>4,256,000.00</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	406,697.73		406,697.73	407,869.00
Construction Services	3,774,466.59	30,000.00	3,804,466.59	3,808,762.00
Supplies and Materials	39,216.00		39,216.00	39,216.00
Other Objects	153.00		153.00	153.00
Total Expenditures	<u>4,220,533.32</u>	<u>30,000.00</u>	<u>4,250,533.32</u>	<u>4,256,000.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>35,466.68</u>	<u>(30,000.00)</u>	<u>5,466.68</u>	
Additional Project Information:				
Project Number	4230-050-09-1000			
Grant Date				
Bond Authorization Date	3/16/2009			
Bonds Authorized	4,256,000.00			
Bonds Issued	4,256,000.00			
Original Authorized Cost	4,256,000.00			
Additional Authorized Cost				
Revised Authorized Cost	4,256,000.00			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	99.87%			
Original target completion date	11/2009			
Revised target completion date	07/2013			



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**For the Year Ended June 30, 2013**

Project Title/Issue	Original Date or Project Number	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2013
			Prior Years	Current Year	
High School Improvements	March 16, 2009				
	SP#4230-050-09-1000	4,256,000.00	4,220,533.15	30,000.00	5,466.85
		<u>4,256,000.00</u>	<u>4,220,533.15</u>	<u>30,000.00</u>	<u>5,466.85</u>
Analysis					
			Project Balance - June 30, 2013		5,466.85
			Unfunded Authorizations		
			Fund Balance/(Deficit) - June 30, 2013		<u>5,466.85</u>

## **PROPRIETARY FUNDS**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2013**

	<u><b>Food Service Program</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	120,072.91
Accounts Receivable:	
State	539.69
Federal	10,611.80
Inventories	<u>5,152.60</u>
Total Current Assets	<u>136,377.00</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	253,887.94
Less Accumulated Depreciation	<u>(118,765.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>135,122.94</u>
Total Assets	<u><u>271,499.94</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Interfunds Payable	<u>3,700.00</u>
Total Current Liabilities	<u>3,700.00</u>
Total Liabilities	<u>3,700.00</u>
<b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	135,122.94
Unrestricted	<u>132,677.00</u>
Total Net Position	<u><u>267,799.94</u></u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2013**

	<u><b>Food Service Program</b></u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	150,596.21
Daily Sales - Non-Reimbursable Programs	107,973.12
Other Income	347.80
Total Operating Revenues	<u>258,917.13</u>
Operating Expenses:	
Cost of Sales	176,903.79
Salaries, Benefits and Payroll Taxes	171,010.55
Supplies and Materials	17,643.78
Purchased Professional Services	9,833.00
Cleaning Repair & Maintenance	617.90
Purchased Services	3,661.55
Depreciation	21,671.37
Total Operating Expenses	<u>401,341.94</u>
Operating Income (Loss)	<u>(142,424.81)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	4,251.97
Federal Sources:	
National School Lunch Program	116,045.33
National School Breakfast Program	5,779.64
HHFKA	4,754.10
HUSSC	2,000.00
Food Distribution Program	22,307.15
Interest and Investment Revenue	29.69
Total Nonoperating Revenues (Expenses)	<u>155,167.88</u>
Income (Loss) Before Contributions & Transfers	<u>12,743.07</u>
Transfers In (Out)	
Change in Net Position	<u>12,743.07</u>
Total Net Position—Beginning	<u>255,056.87</u>
Total Net Position—Ending	<u><u>267,799.94</u></u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2013**

	<u><b>Food Service Program</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	258,917.13
Payments to Suppliers	(542.96)
Payments for Miscellaneous Expenses	(617.90)
Payments to Food Service Management Company	(375,147.57)
Net Cash Provided by (Used for) Operating Activities	<u>(117,391.30)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	3,970.00
Federal Sources	125,156.89
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>129,126.89</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(18,582.94)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(18,582.94)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	29.69
Net Cash Provided by (Used for) Investing Activities	<u>29.69</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,817.66)
Balances—Beginning of Year	126,890.57
Balances—End of Year	<u>120,072.91</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(142,424.81)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	21,671.37
Food Distribution Program Donated Commodities	22,307.15
(Increase) Decrease in Inventories	363.58
Increase (Decrease) in Accounts Payable	(19,308.59)
Total Adjustments	<u>25,033.51</u>
Net Cash Provided by (Used for) Operating Activities	<u>(117,391.30)</u>

**FIDUCIARY FUND**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	185,585.34	344,489.81
Other Receivables	33,244.13	
Interfund Receivable		16,928.02
Total Assets	<u>218,829.47</u>	<u>361,417.83</u>
<b>LIABILITIES</b>		
Payable to Student Groups		212,576.64
Interfund Payable	16,928.02	11,850.81
Payroll Deductions and Withholdings		136,990.38
Total Liabilities	<u>16,928.02</u>	<u>361,417.83</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>201,901.45</u>	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<u>Unemployment Compensation Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	45,454.10
Board - Budget	<u>33,244.13</u>
Total Contributions	<u>78,698.23</u>
Investment Earnings:	
Interest	<u>158.31</u>
Net Investment Earnings	<u>158.31</u>
Total Additions	<u>78,856.54</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	<u>19,344.55</u>
Total Deductions	<u>19,344.55</u>
Change in Net Position	<u>59,511.99</u>
Net Position—Beginning of the Year	<u>142,389.46</u>
Net Position—End of the Year	<u><u>201,901.45</u></u>



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Year Ended June 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
ELEMENTARY SCHOOLS:				
Lincoln	18,501.80	15,407.47	12,102.88	21,806.39
Lenox	25,652.53	15,806.25	13,561.68	27,897.10
JUNIOR HIGH SCHOOL:				
Lakeside	22,966.87	110,283.30	90,558.48	42,691.69
SENIOR HIGH SCHOOL:				
Pompton Lakes High School	125,267.79	380,416.46	385,502.79	120,181.46
	<u>192,388.99</u>	<u>521,913.48</u>	<u>501,725.83</u>	<u>212,576.64</u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Year Ended June 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Net Payroll		11,432,805.65	11,432,805.65	
Interfund Receivable	(5,018.20)	5,016.19	16,926.01	(16,928.02)
Payroll Deductions and Withholdings	126,931.81	8,486,247.20	8,476,188.63	136,990.38
Interfund Payable	1,863.04	10,328.59	340.82	11,850.81
	<u>123,776.65</u>	<u>19,934,397.63</u>	<u>19,926,261.11</u>	<u>131,913.17</u>

## **LONG-TERM DEBT**

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
General Long Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2013

ISSUE	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Improvements to Various Schools	8/1/1995	1,597,000.00	08/01/2013-14	100,000.00	5.800%	397,000.00	100,000.00	297,000.00
			8/1/2015	97,000.00	5.800%			
Improvements to Pompton Lakes High School	4/30/2009	4,256,000.00	09/01/2013	200,000.00	3.000%	3,881,000.00	195,000.00	3,686,000.00
			09/01/2014	225,000.00	3.000%			
			09/01/2015	250,000.00	3.000%			
			09/01/2016	275,000.00	3.000%			
			09/01/2017	285,000.00	3.125%			
			09/01/2018	300,000.00	3.375%			
			09/01/2019	335,000.00	3.500%			
			09/01/2020	350,000.00	3.750%			
			09/01/2021	360,000.00	3.875%			
			09/01/2022	370,000.00	4.000%			
			09/01/2023	370,000.00	4.000%			
			09/01/2024	366,000.00	4.000%			
						4,278,000.00	295,000.00	3,983,000.00

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 General Long Term Debt Account Group  
 Statement of Economic Development Authority Loans Payable  
 June 30, 2013

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
Small Project Program	7/15/1994	340,406.00	7/15/2013	25,218.97	5.280%	49,360.91	24,141.94	25,218.97
Safe School Program	7/15/1994	133,468.00	7/15/13	7,024.62	1.500%	14,049.28	7,024.66	7,024.62
						63,410.19	31,166.60	32,243.59

Exhibit I-2

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
General Long Term Debt Account Group  
Statement of Obligations under Capital Leases  
June 30, 2013

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
			Principal	Interest					
Copier	9/18/2012	3 Years	320,028.38	24,491.62	4.85%		320,028.38	58,643.08	261,385.30
							320,028.38	58,643.08	261,385.30

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	358,296.00		358,296.00	358,296.00	
Total Local Sources	358,296.00		358,296.00	358,296.00	
State Sources:					
Debt Service Aid Type II	123,573.00		123,573.00	123,573.00	
Total - State Sources	123,573.00		123,573.00	123,573.00	
<b>Total Revenues</b>	481,869.00		481,869.00	481,869.00	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	155,702.00		155,702.00	155,702.20	(0.20)
Redemption of Principal	326,167.00		326,167.00	326,166.60	0.40
Total Regular Debt Service	481,869.00		481,869.00	481,868.80	0.20
<b>Total expenditures</b>	481,869.00		481,869.00	481,868.80	0.20
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures				0.20	0.20
Fund Balance, July 1	(0.43)		(0.43)	(0.43)	
Fund Balance, June 30	(0.43)		(0.43)	(0.23)	0.20

## STATISTICAL SECTION



## **STATISTICAL SECTION (UNAUDITED)**

### **Introduction to the Statistical Section**

#### **Financial Trends**

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

#### **Revenue Capacity**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

#### **Debt Capacity**

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

#### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

#### **Operating Information**

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information\*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

## STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

### J SERIES

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years\***  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>									
Invested in Capital Assets, Net of Related Debt	2,932,632.00	3,044,599.00	2,874,426.00	2,783,945.00	(1,337,284.00)	1,989,161.00	2,883,502.00	3,593,486.96	4,188,511.81
Restricted	775,341.00	1,418,294.00	1,295,172.00	1,096,104.00	5,422,599.00	2,163,436.00	2,139,384.00	1,561,782.37	2,366,700.77
Unrestricted	(189,035.00)	(976,460.00)	(1,731,734.00)	(1,336,425.00)	(1,421,701.00)	(1,924,451.00)	(1,993,463.00)	33,608.86	(223,741.51)
Total Governmental Activities Net Position	3,518,938.00	3,486,433.00	2,437,864.00	2,543,624.00	2,663,614.00	2,228,146.00	3,029,423.00	5,188,878.19	6,331,471.07
<b>Business-type Activities</b>									
Invested in Capital Assets, Net of Related Debt	8,658.00	8,301.00	101,886.00	117,285.00	139,027.00	151,390.00	137,115.00	138,211.37	135,122.94
Restricted									
Unrestricted	134,603.00	163,295.00	126,869.00	110,328.00	111,397.00	98,985.00	112,243.00	116,845.50	132,677.00
Total Business-type Activities Net Position	143,261.00	171,596.00	228,755.00	227,613.00	250,424.00	250,375.00	249,358.00	255,056.87	267,799.94
<b>District-wide</b>									
Invested in Capital Assets, Net of Related Debt	2,941,290.00	3,052,900.00	2,976,312.00	2,901,230.00	(1,198,257.00)	2,140,551.00	3,020,617.00	3,731,698.33	4,323,634.75
Restricted	775,341.00	1,418,294.00	1,295,172.00	1,096,104.00	5,422,599.00	2,163,436.00	2,139,384.00	1,561,782.37	2,366,700.77
Unrestricted	(54,432.00)	(813,165.00)	(1,604,865.00)	(1,226,097.00)	(1,310,304.00)	(1,825,466.00)	(1,881,220.00)	150,454.36	(91,064.51)
Total District Net Position	3,662,199.00	3,658,029.00	2,686,619.00	2,771,237.00	2,914,038.00	2,478,521.00	3,278,781.00	5,443,935.06	6,599,271.01

Source: CAFR Schedule A-1

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

GASB No. 63 became effective for the Fiscal Year Ended June 30, 2013 which required a change in language from net assets to net position. This required presentation did not impact any of the balances from the prior years.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years\***  
*(accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
Governmental Activities:									
Instruction:									
Regular	11,061,590.00	11,717,150.00	12,965,156.00	13,515,282.00	12,729,552.00	13,607,789.00	13,307,300.00	11,557,454.88	11,278,660.32
Special Education	2,313,298.00	2,622,143.00	2,955,043.00	3,006,391.00	3,182,959.00	3,422,800.00	3,567,861.00	3,709,943.42	3,846,203.69
Other Special Instruction	472,618.00	606,411.00	439,048.00	528,998.00	590,384.00	672,278.00	623,803.00	783,197.92	745,739.89
Other Instruction	523,547.00	518,763.00	583,209.00	557,497.00	564,801.00	580,262.00	507,229.00	690,653.50	715,273.52
Support Services:									
Tuition	1,028,285.00	1,363,681.00	1,450,532.00	1,604,429.00	1,528,153.00	1,563,883.00	1,225,655.00	1,365,619.27	1,134,947.19
Student & Instruction Related Services	3,023,963.00	3,444,551.00	3,476,870.00	3,734,263.00	3,796,965.00	3,917,180.00	3,655,904.00	3,745,979.30	3,710,669.19
General Administrative Services	562,659.00	537,749.00	525,341.00	596,724.00	607,958.00	625,837.00	711,555.00	582,842.27	545,003.76
School Administrative Services	1,517,728.00	1,489,388.00	1,952,786.00	1,283,682.00	1,569,100.00	1,928,409.00	1,569,303.00	1,884,741.96	1,847,013.88
Central Services & Admin. Info. Technology	466,238.00	486,483.00	513,983.00	667,030.00	523,345.00	571,707.00	579,974.00	614,637.54	603,367.23
Plant Operations and Maintenance	2,763,872.00	3,002,930.00	3,399,752.00	3,135,730.00	3,184,484.00	3,239,984.00	3,316,860.00	3,318,026.69	3,205,243.39
Pupil Transportation	592,042.00	688,963.00	847,480.00	803,942.00	808,315.00	694,479.00	585,210.00	608,869.97	539,478.82
Unallocated Benefits								506,910.17	2,842,640.94
Food Service	23,265.00	3,000.00	8,855.00	6,811.00		16,506.00			
Charter Schools					15,135.00				181,638.64
Interest on Long-term Debt	53,611.00	62,397.00	57,057.00	51,676.00	45,632.00	187,534.00	176,646.00	153,222.89	288.11
Capital Outlay - Non-depreciable								207.28	
Unallocated Depreciation	185,662.00	185,955.00	186,507.00	164,303.00	187,791.00	188,348.00	205,290.00	226,096.00	253,919.83
Total Governmental Activities Expenses	24,588,378.00	26,729,564.00	29,361,619.00	29,673,055.00	29,334,574.00	31,216,956.00	30,032,590.00	29,748,403.06	31,450,088.40
Business-type Activities:									
Food Service	300,623.00	326,512.00	312,866.00	391,489.00	359,002.00	389,953.00	391,534.00	394,865.92	401,341.94
Total Business-type Activities Expenses	300,623.00	326,512.00	312,866.00	391,489.00	359,002.00	389,953.00	391,534.00	394,865.92	401,341.94
Total District Expenses	24,889,001.00	27,056,076.00	29,674,485.00	30,064,544.00	29,693,576.00	31,606,949.00	30,424,124.00	30,143,268.98	31,851,430.34
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services:									
Tuition	1,414,594.00	1,526,671.00	1,716,210.00	1,691,670.00	1,746,583.00	1,760,349.00	1,705,558.00		
Operating Grants and Contributions	3,356,643.00	3,554,046.00	4,408,555.00	4,502,289.00	3,413,585.00	3,658,773.00	3,734,391.00	833,866.40	885,165.58
Total Governmental Activities Program Revenues	4,771,237.00	5,080,717.00	6,124,765.00	6,193,959.00	5,160,168.00	5,419,122.00	5,439,949.00	833,866.40	885,165.58
Business-type Activities:									
Charges for Services:									
Food Service	289,917.00	291,659.00	304,029.00	306,255.00	292,737.00	283,655.00	274,895.00	255,543.39	258,917.13
Operating Grants and Contributions	52,360.00	60,953.00	64,404.00	83,093.00	88,837.00	106,192.00	115,580.00	144,992.29	155,138.19
Total Business-type Activities Program Revenues	342,277.00	352,612.00	368,433.00	389,348.00	381,574.00	389,847.00	390,475.00	400,535.68	414,055.32
Total District Program Revenues	5,113,514.00	5,433,329.00	6,493,198.00	6,583,307.00	5,541,742.00	5,808,969.00	5,830,424.00	1,234,402.08	1,299,220.90
<b>Net (Expense)/Revenue</b>									
Governmental Activities	(19,817,141.00)	(21,648,847.00)	(23,236,854.00)	(23,479,096.00)	(24,174,406.00)	(25,797,874.00)	(24,592,641.00)	(28,914,536.66)	(30,564,922.82)
Business-type Activities	41,654.00	26,100.00	55,567.00	(2,141.00)	22,572.00	(106.00)	(1,059.00)	5,669.76	12,713.38
Total District-wide Net Expense	(19,775,487.00)	(21,622,747.00)	(23,181,287.00)	(23,481,237.00)	(24,151,834.00)	(25,797,980.00)	(24,593,700.00)	(28,908,866.90)	(30,552,209.44)

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

Changes in Net Position  
Last Ten Fiscal Years\*  
(accrual basis of accounting)

Page 2 of 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>									
Governmental Activities:									
Property Taxes Levied for General Purposes	16,865,661.00	18,044,708.00	18,612,007.00	19,908,050.00	20,375,740.00	21,518,703.00	22,063,451.00	22,415,898.92	22,341,918.00
Taxes Levied for Debt Service	129,976.00	142,744.00	136,507.00	132,733.00	136,949.00	302,602.00	331,427.00	317,389.00	358,296.00
Unrestricted Federal and State Aid	3,221,279.00	3,287,960.00	3,280,142.00	3,431,775.00	3,714,593.00	3,482,076.00	2,855,772.00	6,299,329.17	6,979,007.59
Federal and State Aid - Capital Outlay								27,518.90	
Tuition Received								1,772,703.67	1,921,017.96
Extraordinary Flood Reimbursement Proceeds								141,406.00	22,632.05
Investment Earnings	38,592.00	101,182.00	128,616.00	83,222.00	20,980.00	14,717.00	7,345.00	3,413.58	3,763.62
Rental Income								18,070.00	17,725.00
Miscellaneous Income	17,682.00	39,748.00	31,013.00	29,076.00	46,134.00	44,308.00	135,923.00	78,262.31	63,155.48
Transfers									
Total Governmental Activities	20,273,190.00	21,616,342.00	22,188,285.00	23,584,856.00	24,294,396.00	25,362,406.00	25,393,918.00	31,073,991.55	31,707,515.70
Business-type Activities:									
Investment Earnings	1,121.00	2,235.00	1,592.00	999.00	239.00	57.00	42.00	28.82	29.69
Total Business-type Activities	1,121.00	2,235.00	1,592.00	999.00	239.00	57.00	42.00	28.82	29.69
Total District-wide	20,274,311.00	21,618,577.00	22,189,877.00	23,585,855.00	24,294,635.00	25,362,463.00	25,393,960.00	31,074,020.37	31,707,545.39
<b>Change in Net Position</b>									
Governmental Activities	456,049.00	(32,505.00)	(1,048,569.00)	105,760.00	119,990.00	(435,468.00)	801,277.00	2,159,454.89	1,142,592.88
Business-type Activities	42,775.00	28,335.00	57,159.00	(1,142.00)	22,811.00	(49.00)	(1,017.00)	5,698.58	12,743.07
Total District	498,824.00	(4,170.00)	(991,410.00)	104,618.00	142,801.00	(435,517.00)	800,260.00	2,165,153.47	1,155,335.95

Source: CAFR Schedule A-2

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

GASB No. 63 became effective for the Fiscal Year Ended June 30, 2013 which required a change in language from net assets to net position. This required presentation did not impact any of the balances from the prior years.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Fund Balances Governmental Funds**  
**Last Ten Fiscal Years\***  
*(modified accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>									
Reserved	775,340.00	1,418,294.00	1,295,171.00	1,096,102.00	1,304,125.00	1,417,752.00			
Unreserved	674,014.00	548,623.00	469,820.00	648,450.00	427,790.00	521,450.00	1,407,943.00	1,326,666.75	1,960,922.07
Restricted									
Committed									
Assigned							270,652.00	482,161.37	400,312.50
Unassigned							279,701.00	231,861.67	247,759.49
<b>Total General Fund</b>	<b>1,449,354.00</b>	<b>1,966,917.00</b>	<b>1,764,991.00</b>	<b>1,744,552.00</b>	<b>1,731,915.00</b>	<b>1,939,202.00</b>	<b>1,958,296.00</b>	<b>2,040,689.79</b>	<b>2,608,994.06</b>
<b>All Other Governmental Funds</b>									
Restricted for:									
Capital Projects Fund					328,045.00	124,831.00	348,259.00	5,466.68	5,466.68
Debt Service							46,530.00	(0.43)	(0.23)
Committed for:							66,000.00	30,000.00	
Capital Projects Fund									
Unreserved, Reported in:					3,790,328.00	574,224.00			
Capital Projects Fund					101.00	46,629.00			
Debt Service	1.00		1.00	2.00					
<b>Total All Other Governmental Funds</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>	<b>2.00</b>	<b>4,118,474.00</b>	<b>745,684.00</b>	<b>460,789.00</b>	<b>35,466.25</b>	<b>5,466.45</b>

Source: CAFR Schedule B-1

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

GASB No. 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above, nor or they required to be.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Changes in Fund Balances Governmental Funds**  
**Last Ten Fiscal Years\***  
*(modified accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>									
Tax Levy	16,995,637.00	18,187,452.00	18,748,514.00	20,040,783.00	20,512,689.00	21,821,305.00	22,394,878.00	22,733,287.92	22,700,214.00
Tuition Charges	1,414,594.00	1,526,671.00	1,716,210.00	1,691,670.00	1,746,593.00	1,760,349.00	1,705,598.00	1,772,703.67	1,921,017.96
Rental Income								18,070.00	17,725.00
Interest Earnings	38,592.00	101,182.00	128,616.00	83,222.00	20,980.00	14,717.00	7,345.00	3,413.58	3,763.62
Miscellaneous	17,682.00	38,748.00	34,013.00	38,699.00	60,751.00	64,426.00	154,626.00	90,508.17	128,210.53
State Sources	6,053,712.00	6,318,116.00	7,158,029.00	7,376,816.00	6,540,190.00	5,840,665.00	5,794,684.00	6,353,021.41	7,187,142.94
Federal Sources	524,210.00	523,890.00	527,868.00	549,625.00	573,371.00	1,280,066.00	816,586.00	785,447.20	634,607.23
<b>Total Revenues</b>	<b>25,044,427.00</b>	<b>26,697,059.00</b>	<b>28,313,050.00</b>	<b>29,778,815.00</b>	<b>29,454,564.00</b>	<b>30,781,528.00</b>	<b>30,833,887.00</b>	<b>31,766,451.95</b>	<b>32,592,681.28</b>
<b>Expenditures</b>									
Instruction:									
Regular	7,129,664.00	6,960,916.00	7,379,302.00	7,911,923.00	7,889,958.00	8,319,487.00	8,456,681.00	9,185,364.93	9,246,670.13
Special	2,320,828.00	2,630,453.00	2,946,138.00	3,005,141.00	3,180,234.00	3,419,130.00	3,564,101.00	2,875,512.93	3,078,508.67
Other Special Instruction	472,616.00	606,411.00	439,048.00	528,998.00	590,364.00	672,278.00	623,803.00	604,325.45	594,408.01
Other Instruction	523,547.00	518,763.00	583,209.00	557,497.00	584,801.00	580,262.00	507,229.00	564,483.71	600,747.92
Support Services:									
Instruction - Tuition	1,028,285.00	1,363,881.00	1,450,532.00	1,604,429.00	1,528,153.00	1,563,883.00	1,225,665.00	1,365,619.27	1,134,947.19
Student & Instruction Related Services	2,590,263.00	2,816,615.00	2,917,942.00	3,155,154.00	3,173,906.00	3,301,107.00	3,015,478.00	2,969,890.96	3,031,354.08
School Administration	1,128,286.00	1,112,138.00	1,187,183.00	1,205,056.00	1,228,351.00	1,329,247.00	1,298,858.00	1,434,538.78	1,457,693.21
General Administration	498,498.00	475,090.00	470,357.00	430,056.00	481,188.00	508,684.00	491,731.00	490,088.74	464,780.86
Central Services & Admin. Info. Technology	413,136.00	407,291.00	432,236.00	445,276.00	386,952.00	428,850.00	447,281.00	481,286.36	497,477.97
Operations and Maintenance	2,289,828.00	2,516,723.00	2,853,543.00	2,737,310.00	2,692,929.00	2,690,438.00	2,726,584.00	2,824,185.66	2,836,688.08
Student Transportation	592,042.00	688,963.00	847,480.00	803,942.00	808,315.00	694,479.00	585,210.00	608,669.97	539,478.82
Food Service	23,265.00	3,000.00	8,855.00	6,811.00					
Employee Benefits	5,203,626.00	5,709,357.00	6,823,198.00	7,208,097.00	6,475,556.00	6,616,995.00	6,806,868.00	7,562,665.13	7,515,933.96
Special Schools					15,135.00	16,506.00			
Transfer to Charter Schools		189,971.00	10,395.00	37,584.00	411,272.00	3,521,411.00	850,031.00	553,926.43	893,645.49
Capital Outlay									
Debt Service:									
Principal	104,392.00	105,078.00	105,830.00	106,612.00	117,441.00	118,282.00	314,188.00	320,140.92	326,166.60
Interest and Other Charges	56,243.00	65,047.00	59,727.00	54,367.00	48,654.00	166,012.00	180,960.00	169,482.08	155,702.20
<b>Total Governmental Fund Expenditures</b>	<b>24,374,522.00</b>	<b>26,179,487.00</b>	<b>28,514,975.00</b>	<b>29,799,253.00</b>	<b>29,604,729.00</b>	<b>33,947,031.00</b>	<b>31,099,668.00</b>	<b>32,109,381.32</b>	<b>32,374,405.19</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	669,905.00	517,562.00	(201,925.00)	(20,438.00)	(150,165.00)	(3,165,503.00)	(265,801.00)	(342,929.37)	218,276.09
<b>Other Financing Sources (Uses)</b>									
Operating Transfers In									
Operating Transfers Out									
Proceeds from the Sale of Bonds									
Cancellation of Accounts Receivable									
Cancellation of Accounts Payable									
Prior Year State Audit Recovery									
Capital Leases (non-budgeted)									
<b>Total Other Financing Sources (Uses)</b>									
<b>Net Changes in Fund Balance</b>	<b>669,905.00</b>	<b>517,562.00</b>	<b>(201,925.00)</b>	<b>(20,438.00)</b>	<b>(150,165.00)</b>	<b>(3,165,503.00)</b>	<b>(265,801.00)</b>	<b>(342,929.37)</b>	<b>538,304.47</b>
Debt Service as a percentage of noncapital expenditures	0.66%	0.65%	0.58%	0.54%	0.57%	0.93%	1.64%	1.55%	1.53%

Source: CAFR Schedule B-3

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT****General Fund Other Local Revenue by Source  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Tuition</b>	<b>Interest on Investments</b>	<b>Other Misc.</b>	<b>Rental</b>	<b>Total</b>
2004	1,298,297.00	11,214.00	18,264.00		1,327,775.00
2005	1,414,594.00	38,592.00	17,682.00		1,470,868.00
2006	1,526,671.00	101,182.00	39,748.00		1,667,601.00
2007	1,716,210.00	128,616.00	34,013.00		1,878,839.00
2008	1,691,670.00	83,222.00	29,076.00		1,803,968.00
2009	1,746,583.00	15,660.00	46,034.00		1,808,277.00
2010	1,760,349.00	8,695.00	44,308.00		1,813,352.00
2011	1,705,558.00	6,018.00	135,923.00		1,847,499.00
2012	1,772,703.67	3,413.58	78,262.31	18,070.00	1,872,449.56
2013	1,921,017.96	3,763.62	85,787.53	17,725.00	2,028,294.11

Source: District Records.



## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years\*  
Unaudited

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2004	4,357,400	536,435,300	59,424,700	17,498,600	12,545,200	630,261,200	830,053	631,091,253	1,002,178,292	2.6030
2005	3,442,400	545,289,300	59,424,700	17,498,600	12,445,200	638,100,200	586,130	638,686,330	1,141,487,468	2.7550
2006	3,971,600	545,766,200	58,568,900	17,498,600	14,938,200	640,743,500	481,914	641,225,414	1,305,932,463	2.8810
2007	3,264,900	548,511,400	57,858,000	17,498,600	14,538,200	641,671,100	443,036	642,114,136	1,450,558,567	3.0200
2008	3,080,300	550,794,900	56,518,100	18,436,500	11,893,400	640,723,200	430,034	641,153,234	1,530,770,516	3.1630
2009	3,137,600	552,469,700	55,798,600	17,976,500	11,893,400	641,275,800	437,101	641,712,901	1,574,701,361	3.2990
2010	3,137,600	542,138,200	55,605,000	18,568,500	11,893,400	631,342,700		631,342,700	1,458,249,154	3.5020
2011	2,952,100	541,827,500	55,192,500	18,568,500	10,543,400	629,084,000		629,084,000	1,389,906,868	3.5870
2012	3,064,500	538,850,400	54,582,500	18,568,500	10,543,400	625,609,300		625,609,300	1,263,332,893	3.6320

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
Per \$100 of Assessed Valuation

Assessment Year	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Local School District	<u>Overlapping Rates</u>		Total Direct and overlapping Tax Rate
				Municipality <sup>c</sup>	County	
2003	2.4690	0.0260	2.4950	0.8810	0.8040	4.1800
2004	2.5790	0.0240	2.6030	0.8690	0.8780	4.3500
2005	2.7340	0.0210	2.7550	0.9500	0.9450	4.6500
2006	2.8580	0.0230	2.8810	1.1020	1.0670	5.0500
2007	3.0000	0.0210	3.0210	1.1790	1.1200	5.3200
2008	3.1420	0.0210	3.1630	1.2540	1.2050	5.6220
2009	3.2530	0.0460	3.2990	1.3030	1.2340	5.8360
2010	3.4500	0.0520	3.5020	1.3900	1.2400	6.1320
2011	3.5354	0.0516	3.5870	1.4362	1.2708	6.2940
2012	3.5780	0.0540	3.6320	1.502	1.2800	6.4140

Source: District Records and Municipal Tax Collector.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**c** Includes Library tax rate and Municipal Open Space tax rate.

\* Revaluation Year

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

## Schedule of Principal Taxpayers

Current and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
E.I. Dupont, Denemours & Co.	14,988,900	1	2.40%	15,063,900	1	2.46%
Pompton Center Associates	9,645,400	2	1.54%	9,371,000	2	1.53%
Larson Financial	4,300,000	3	0.69%	4,300,000	3	0.70%
Higgins & Peragallo	2,871,600	4	0.46%	2,866,100	5	0.47%
K & A Associates, LLC	2,100,000	5	0.34%			
Landolina Investment Co. LP	1,525,700	6	0.24%			
Valbruna Stainless, Inc	1,400,000	7	0.22%			
Cape Realty	1,300,000	8	0.21%	2,000,000	10	0.33%
Alrose Pompton LLC	1,109,500	9	0.18%			
Tresenfeld & Singer	1,071,400	10	0.17%			
F & B Construction Co				2,950,000	4	0.48%
Pompton Five Associates	1,029,400		0.16%	2,728,400	6	0.45%
Lockwood Brothers				2,405,400	7	0.39%
Grecco & Scardilli				2,395,000	8	0.39%
Airabwah Inc.				2,275,000	9	0.37%
	<u>41,341,900</u>		<u>6.61%</u>	<u>46,354,800</u>		<u>7.57%</u>

Source: Municipal Tax Assessor's Office.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**School Tax Levies and Collections  
Last Ten Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy<sup>a</sup></b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2004	15,849,853.00	15,849,853.00	100.00%	
2005	16,995,637.00	16,995,637.00	100.00%	
2006	18,187,452.00	18,187,452.00	100.00%	
2007	18,748,514.00	18,748,514.00	100.00%	
2008	20,040,783.00	20,040,783.00	100.00%	
2009	20,512,689.00	20,512,689.00	100.00%	
2010	21,821,305.00	21,821,305.00	100.00%	
2011	22,394,878.00	22,394,878.00	100.00%	
2012	22,733,287.92	22,733,287.92	100.00%	
2012	22,700,214.00	22,700,214.00	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a** School Taxes are collected by the Municipal Tax Collector. Under New Jersey Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years\***

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Economic Development Authority Loans	Bond Anticipation Notes (BANs)	Capital Leases			
				Capital Leases	Total District		
2005	1,017,000.00	255,982.00			1,272,982.00	0.34%	114
2006	937,000.00	230,904.00			1,167,904.00	0.30%	105
2007	857,000.00	205,074.00			1,062,074.00	0.25%	96
2008	777,000.00	178,462.00			955,462.00	0.22%	87
2009	4,943,000.00	151,021.00			5,094,021.00	1.12%	465
2010	4,853,000.00	122,739.00			4,975,739.00	1.11%	451
2011	4,568,000.00	94,181.00			4,662,181.00	0.99%	420
2012	4,278,000.00	63,410.00			4,341,410.00	0.90%	391
2013	3,983,000.00	32,244.00		261385	4,276,629.00	Not Available	384

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years\***

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds and EDA Loans	Net General Bonded Debt Outstanding		
		Deductions		
2005	1,272,982.00	-	0.20%	114
2006	1,167,904.00	-	0.18%	105
2007	1,062,074.00	-	0.17%	96
2008	955,462.00	-	0.15%	87
2009	5,094,021.00	-	0.79%	465
2010	4,975,739.00	-	0.78%	451
2011	4,662,181.00	-	0.74%	420
2012	4,341,410.00	-	0.69%	391
2013	4,015,244.00	-	0.64%	361

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Pompton Lkaes	\$ 7,848,887	100.000%	\$ 7,848,887
Other debt			
Passaic County General Obligation Debt	376,643,401	2.5352%	9,548,663
Passaic County Utility Authority	60,700,000	2.5352%	1,538,866
Subtotal, overlapping debt			18,936,417
<b>Pompton Lakes School District Direct Debt</b>			<u>4,015,244</u>
<b>Total direct and overlapping debt</b>			<u>\$ 22,951,661</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.  
Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pompton Lakes. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2012.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2013**

	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Debt limit	\$ 33,363,748	\$ 38,551,609	\$ 44,938,668	\$ 51,260,633	\$ 56,645,744	\$ 60,268,728	\$ 60,016,084	\$ 58,883,050	\$ 54,874,319	\$ 50,915,201	
Total net debt applicable to limit	1,377,374	1,272,982	1,167,904	1,062,074	955,462	5,094,021	4,975,739	4,661,551	4,342,040	4,015,244	
Legal debt margin	\$ 31,986,374	\$ 37,278,627	\$ 43,770,764	\$ 50,198,559	\$ 55,690,282	\$ 55,174,707	\$ 55,040,345	\$ 54,221,499	\$ 50,532,279	\$ 46,899,957	
Total net debt applicable to the limit as a percentage of debt limit	4.13%	3.30%	2.60%	2.07%	1.69%	8.45%	8.29%	7.92%	7.91%	7.89%	

Average equalized valuation of taxable property											
Equalized valuation basis											
2012 \$ 1,172,870,829											
2011 1,260,942,073											
2010 1,384,827,155											
<b>[A] \$ 3,818,640,057</b>											
<b>[A/3] \$ 1,272,880,019</b>											
Debt limit (4 % of average equalization value)											
<b>[B] 50,915,201</b>											
<b>[C] 4,015,244</b>											
<b>[B-C] \$ 46,899,957</b>											

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT****Demographic and Economic Statistics  
Last Ten Years**

<u>Year Ended June 30,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2004	10,936	356,349,560	32,585	3.90%
2005	11,155	372,242,350	33,370	3.00%
2006	11,079	390,745,251	35,269	3.80%
2007	11,016	417,120,840	37,865	3.90%
2008	10,973	441,366,979	40,223	3.60%
2009	10,966	455,703,096	41,556	4.70%
2010	11,040	446,303,040	40,426	9.20%
2011	11,104	468,899,712	42,228	9.40%
2012	11,114	480,224,826	43,209	9.20%
2013	11,137	Not Available	Not Available	9.10%

Source: (1) U.S. Bureau of the Census, Population Division,  
(Estimates July 1, 2003-2012)  
(2) County Personal income. Income of the District is not available.  
(3) U.S. Department of Commerce, County Information 2003-2011.  
(4) N.J. Department of Labor.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Schedule of Principal Employers**

**Current and Nine Years Ago**

**2012**

**2003**

**INFORMATION IS NOT AVAILABLE**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years\***

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	108.0	107.0	107.0	110.0	115.0	121.0	119.0	110.0	115.0
Special education	22.0	21.0	22.0	24.0	30.0	27.0	29.0	32.0	39.0
Other instruction									
Support Services:									
Tuition									
Student & instruction related services	24.0	24.0	24.0	26.0	28.0	27.0	26.0	65.0	58.0
General administrative services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
School administrative services	21.0	21.0	21.0	22.0	24.0	24.0	23.0	22.0	22.0
Plant operations and maintenance	21.0	21.0	21.0	21.0	25.0	24.0	24.0	24.0	24.0
Pupil transportation									
<b>Total</b>	<b>204.0</b>	<b>202.0</b>	<b>203.0</b>	<b>211.0</b>	<b>230.0</b>	<b>231.0</b>	<b>229.0</b>	<b>261.0</b>	<b>265.0</b>

**Source:** NJDOE Annual School District Budget Statement Supporting Document (Budgeted Full-Time Equivalents)

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Operating Statistics,**  
**Last Ten Fiscal Years\***

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior High School	High School				
2005	1,840	24,213,887	\$ 13,160	7.57%	139	1:17	1:12	1:13	1,840.0	1,749.0	-2.49%	95.05%
2006	1,805	25,809,401	\$ 14,299	8.66%	129	1:18	1:27	1:21	1,805.0	1,724.0	-1.90%	95.51%
2007	1,800	28,339,023	\$ 15,744	10.11%	130	1:17	1:27	1:22	1,800.0	1,722.0	-0.28%	95.67%
2008	1,817	29,600,690	\$ 16,291	3.47%	160	1:11	1:11	1:12	1,817.0	1,738.0	0.94%	95.65%
2009	1,756	29,027,362	\$ 16,530	1.47%	156	1:11	1:11	1:12	1,756.0	1,680.0	-3.36%	95.67%
2010	1,742	30,141,326	\$ 17,303	4.67%	148	1:11	1:12	1:12	1,742.0	1,668.0	-0.80%	95.75%
2011	1,652	29,754,489	\$ 18,011	4.09%	148	1:11	1:12	1:12	1,652.0	1,575.0	-5.17%	95.34%
2012	1,661	31,066,832	\$ 18,704	3.84%	142	1:11	1:12	1:12	1,661.0	1,589.0	0.54%	95.67%
2013	1,702	31,292,241	\$ 18,386	-1.70%	154	1:11	1:12	1:12	1,702.0	1,629.0	2.47%	95.71%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years\***

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u><b>Lincoln Elementary School</b></u>									
Square Feet	38,195	38,195	38,195	38,195	38,195	38,195	38,195	38,195	38,195
Capacity (students)	360	360	360	360	360	360	360	360	360
Enrollment	369	372	360	362	361	376	311	333	344
<u><b>Lenox Elementary School</b></u>									
Square Feet	46,681	46,681	46,681	46,681	46,681	46,681	46,681	46,681	46,681
Capacity (students)	419	419	419	419	419	419	419	419	419
Enrollment	396	382	372	366	355	350	326	343	349
<u><b>Lakeside Middle School</b></u>									
Square Feet	70,550	70,550	70,550	70,550	70,550	70,550	70,550	70,550	70,550
Capacity (students)	366	366	366	366	366	366	366	366	366
Enrollment	427	418	396	379	380	360	373	373	389
<u><b>Pompton Lakes High School</b></u>									
Square Feet	98,685	98,685	98,685	98,685	98,685	98,685	98,685	98,685	98,685
Capacity (students) unadjusted	886	886	886	886	886	886	886	886	886
Enrollment	651	637	665	706	663	656	642	612	620
<u><b>Administration Office Building</b></u>									
Square Feet	3072	3072	3072	3072	3072	3072	3072	3072	3072
<u><b>District Administration Storage</b></u>									
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400
<u><b>High School Storage Building</b></u>									
Square Feet	1500	1500	1500	1500	1500	1500	1500	1500	1500
<u><b>High School Storage Garage</b></u>									
Square Feet	950	950	950	950	950	950	950	950	950

Number of Schools at June 30, 2013

Elementary = 2

Middle School = 1

High School = 1

**Source:** District records, ASSA, LRFP

\* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**For the Fiscal Year Ended June 30,**  
**Last Ten Fiscal Years**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES**  
 11-000-261-xxx

* School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Pompton Lakes High School	N/A	405,202.00	464,649.00	404,857.00	392,596.00	375,440.00	534,015.00	728,920.00	354,721.00	294,755.00	273,086.00
Lakeside Middle School	N/A	283,241.00	306,403.00	289,433.00	280,667.00	268,402.00	175,783.00	232,785.00	253,591.00	210,721.00	191,800.00
Lenox Elem. School	N/A	247,882.00	264,263.00	191,510.00	185,710.00	177,595.00	187,052.00	170,290.00	167,794.00	139,428.00	132,960.00
Lincoln Elem School	N/A	227,139.00	197,173.00	156,696.00	151,950.00	145,310.00	152,460.00	168,196.00	137,291.00	114,082.00	110,858.00
Administration Offices	N/A	8,219.00	9,217.00	12,603.00	12,221.00	11,687.00	4,837.00	8,479.00	11,042.00	9,176.00	7,349.00
District Administration Storage	N/A	8,219.00	9,217.00	9,846.00	9,548.00	9,131.00	4,837.00	8,479.00	8,627.00	7,168.00	7,402.00
High School Storage Building	N/A	8,219.00	9,217.00	6,154.00	5,967.00	5,707.00	4,837.00	8,479.00	5,392.00	4,480.00	7,475.00
High School Storage Garage	N/A	8,219.00	9,217.00	3,897.00	3,779.00	3,614.00	4,837.00	8,479.00	3,415.00	2,837.00	7,520.00
Total School Facilities		1,206,340.00	1,269,356.00	1,074,996.00	1,042,438.00	996,886.00	1,068,658.00	1,334,107.00	941,873.00	782,647.00	738,450.00

\* School facilities as defined under EFCA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT****Insurance Schedule  
June 30, 2013**

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive Package Policy -		
Zurich Insurance Company		
Property - Blanket Building and Contents	\$47,975,295	\$5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
Blanket Employee Dishonesty	500,000	5,000
Boiler and Machinery	100,000,000	1,000
Excess Liability -		
Fireman's Fund Ins. Co.:		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Excess Policy -		
Zurich Insurance Company		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
Environmental Impairment Liability -		
ACE American		
Per Occurrence	1,000,000	25,000
Aggregate	10,000,000	
School Board Legal Liability -		
Darwin National Assurance Co.:		
Errors & Omissions	1,000,000	10,000
Employment Practices	1,000,000	
Accident Insurance -		
Gerber Life Insurance Co.:		
Limit	100,000	
Surety Bonds -		
Western Surety:		
Treasurer of School Monies	235,000	
Board Secretary / Business Asministrator	235,000	

Source: District records.

**SINGLE AUDIT SECTION**



# Ferraioli, Wielkott, Cerullo & Cuva, P.A.

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Pompton Lakes School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2013.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit on the financial statements, we considered the Borough of Pompton Lakes Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Pompton Lakes Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Pompton Lakes Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

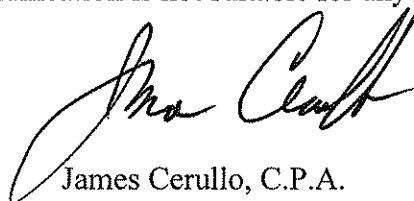
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Pompton Lakes Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

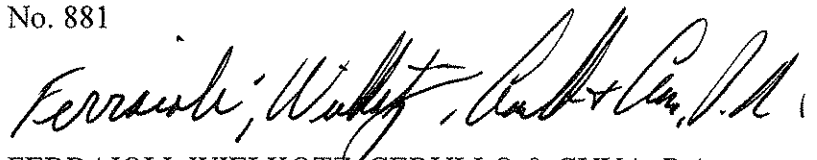
We noted certain matters that were required to be reported to the Board of Education of the Borough of Pompton Lakes School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 11, 2013.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

November 11, 2013



# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Borough of Pompton Lakes School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Pompton Lakes Board of Education's major federal and state programs for the year ended June 30, 2013. The Borough of Pompton Lakes Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Pompton Lakes Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct



and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pompton Lakes Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Pompton Lakes Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Pompton Lakes Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Borough of Pompton Lakes Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Pompton Lakes Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Pompton Lakes Board of Education's internal control over compliance.

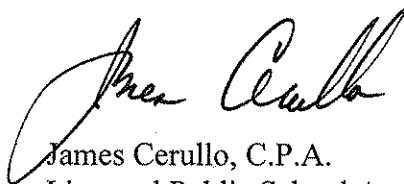
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133**

We have audited the financial statements of the Borough of Pompton Lakes Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated November 11, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



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Licensed Public School Accountant  
No. 881



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Pompton Lakes, New Jersey

November 11, 2013

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ended June 30, 2013

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012	Carryover/Adjustments	Cash Received	Budgetary Expenditures	Balance at June 30, 2013		MEMO Cumulative Total Expenditures
									Accounts Receivable	Deferred Revenue	
<b>U.S. Department of Education:</b>											
<b>General Fund:</b>											
FEMA - Public Assistance Grant Program	97.036	N/A		78,498.40	(74,934.70)		74,934.70				*
FEMA - Public Assistance Grant Program	97.036	PA4086PW1922		22,632.05			18,860.04	(22,632.05)	(3,772.01)		*
Education Jobs Fund	84.410A	N/A	08/01/10-09/30/12	148,888.00	(58,228.20)		58,228.20				*
Medical Assistance Program (SEMI)	93.778	N/A	07/01/12-06/30/13	5,365.65			1,788.55	(5,365.65)	(3,577.10)		*
<b>Total General Fund</b>					(133,162.90)		153,811.49	(27,997.70)	(7,349.11)		*
<b>U.S. Department of Education Passed-Through State Department of Education:</b>											
<b>Special Revenue Fund:</b>											
Title I - Improving Basic Programs	84.010A	NCLB4230-12	09/01/11-08/31/12	106,046.00	(45,581.00)		45,581.00				*
Title I - Improving Basic Programs	84.010A	NCLB4230-13	09/01/12-08/31/13	115,622.00			100,795.00				*
Title II-A-Teacher & Principal Training/Recruiting	84.367A	NCLB4230-12	09/01/11-08/31/12	35,567.18	(12,569.00)		12,569.00	(114,767.12)	(13,972.12)		*
Title II-A-Teacher & Principal Training/Recruiting	84.367A	NCLB4230-13	09/01/12-08/31/13	27,345.00			20,647.00	(27,345.00)	(6,698.00)		*
Title III - Part A English Language Enhancements	84.365A	NCLB4230-12	09/01/11-08/31/12	16,159.00	(4,312.00)		8,112.00	(3,800.00)			*
Title III - Part A English Language Enhancements	84.365A	NCLB4230-13	09/01/12-08/31/13	14,100.00			8,455.00	(9,700.00)	(1,245.00)		*
IDEA A, Part B - Basic Regular	84.027	IDEA4230-12	09/01/11-08/31/12	402,169.62	(54,071.41)		54,071.41	(449,355.00)	(94,720.00)		*
IDEA A, Part B - Basic Regular	84.027	IDEA4230-13	09/01/12-08/31/13	452,572.00			354,635.00				*
IDEA A, Part B - Preschool	84.173	IDEA4230-12	09/01/11-08/31/12	25,926.80	(19,508.00)		19,508.00	(12,891.00)	(2,628.00)		*
IDEA A, Part B - Preschool	84.173	IDEA4230-13	09/01/12-08/31/13	12,891.00			10,263.00			26.00	*
ARRA - IDEA A, Part B - Preschool	84.392A	ARRA4230-10	07/01/09-08/31/11	14,670.00	26.00			(8,445.00)			*
Race To The Top	84.413		09/01/11-11/30/15	8,445.00			8,445.00				*
<b>Total Special Revenue Fund</b>					(136,015.41)		643,081.41	(626,303.12)	(119,263.12)	26.00	*
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>											
<b>Enterprise Fund:</b>											
Non-Cash Assistance											*
Food Distribution Program	10.555		07/01/11-06/30/12	23,719.88	2,391.56	(2,391.56)	21,303.05	(22,307.15)		1,387.46	*
Food Distribution Program	10.555		07/01/12-06/30/13	21,303.05		2,391.56					*
Cash Assistance											*
School Breakfast Program	10.553		07/01/11-06/30/12	3,580.19	(223.31)		223.31				*
School Breakfast Program	10.553		07/01/12-06/30/13	5,779.64			5,348.45	(5,779.64)	(431.19)		*
National School Lunch Program	10.555		07/01/11-06/30/12	113,536.16	(6,966.31)		6,966.31				*
National School Lunch Program	10.555		07/01/12-06/30/13	116,045.33			108,211.34	(116,045.33)	(7,833.99)		*
HFEKA	10.555		07/01/12-06/30/13	4,754.10			4,407.48	(4,754.10)	(346.62)		*
HUSCC	10.555		07/01/12-06/30/13	2,000.00				(2,000.00)	(2,000.00)		*
<b>Total Enterprise Fund</b>					(4,798.06)		146,459.94	(150,886.22)	(10,611.80)	1,387.46	*
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>					(273,976.37)		943,352.84	(805,187.04)	(137,224.03)	1,387.46	*
See accompanying notes to schedules of expenditures of federal awards and state financial assistance.											

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ended June 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2013			MEMO	
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor	Cash Received		Accounts Receivable	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Equalization Aid	13-495-034-5120-078	07/01/12-06/30/13	2,773,837.00			2,598,234.00	(2,773,837.00)				(265,603.00)	2,773,837.00
Special Education Categorical Aid	13-495-034-5120-089	07/01/12-06/30/13	931,495.00			842,301.00	(931,495.00)				(89,194.00)	931,495.00
Security Categorical Aid	13-495-034-5120-084	07/01/12-06/30/13	31,881.00			28,828.00	(31,881.00)				(3,053.00)	31,881.00
Transportation Aid	13-495-034-5120-014	07/01/12-06/30/13	29,339.00			26,530.00	(29,339.00)				(2,809.00)	29,339.00
Extraordinary Special Education Aid	12-100-034-5120-473	07/01/11-06/30/12	406,988.00	(406,988.00)		406,988.00						
Extraordinary Special Education Aid	13-100-034-5120-473	07/01/12-06/30/13	350,357.00				(350,357.00)					350,357.00
On-Behalf TPAF Post Retirement Medical	13-495-034-5095-001	07/01/12-06/30/13	1,004,863.00			1,004,863.00	(1,004,863.00)					1,004,863.00
On-Behalf Teachers' Pension and Annuity	13-495-034-5095-006	07/01/12-06/30/13	844,253.00			844,253.00	(844,253.00)					844,253.00
On-Behalf TPAF Non-contributory Insurance	13-495-034-5095-007	07/01/12-06/30/13	44,419.00			44,419.00	(44,419.00)					44,419.00
Reimbursed TPAF - Social Security	13-495-034-5095-002	07/01/12-06/30/13	984,305.94			955,146.93	(984,305.94)	(29,159.01)				984,305.94
<b>Total General Fund</b>				(406,988.00)		6,661,562.93	(6,994,749.94)	(379,516.01)			(360,659.00)	6,994,749.94
<b>Special Revenue Fund:</b>												
N.J. Nonpublic Aid:												
Auxiliary Services:												
Compassatory Services	12-100-034-5120-067	07/01/11-06/30/12	22,148.00		1,521.99							
Compassatory Services	13-100-034-5120-067	07/01/12-06/30/13	34,280.00			34,280.00	(24,664.00)			9,616.00		24,664.00
Handicapped Services:												
Exam. & Classification	12-100-034-5120-066	07/01/11-06/30/12	20,927.00		7,398.22							
Exam. & Classification	13-100-034-5120-066	07/01/12-06/30/13	19,426.00			19,426.00	(10,990.00)			8,436.00		10,990.00
Corrective Speech	12-100-034-5120-066	07/01/11-06/30/12	15,797.00		2,132.41							
Corrective Speech	13-100-034-5120-066	07/01/12-06/30/13	17,968.00			17,968.00	(13,671.00)			4,297.00		13,671.00
Supplementary Instruction	12-100-034-5120-066	07/01/11-06/30/12	13,329.00		1,403.14							
Supplementary Instruction	13-100-034-5120-066	07/01/12-06/30/13	15,265.00			15,265.00	(9,991.00)			5,274.00		9,991.00
Textbook Aid	13-100-034-5120-064	07/01/12-06/30/13	11,096.00			11,096.00	(11,096.00)					11,096.00
Nursing Services	13-100-034-5120-070	07/01/12-06/30/13	15,401.00			15,401.00	(15,401.00)					15,401.00
Technology Initiative	13-100-034-5120-373	07/01/12-06/30/13	4,115.00			4,115.00	(4,115.00)					4,115.00
<b>Total Special Revenue Fund</b>					12,455.76	117,551.00	(89,928.00)			27,623.00		89,928.00
<b>Debt Service Fund:</b>												
Debt Service Aid Type II	13-495-034-5120-017	07/01/12-06/30/13	123,573.00			123,573.00	(123,573.00)					123,573.00
<b>State Department of Agriculture:</b>												
<b>Enterprise Fund:</b>												
National School Lunch Program (State Share)	12-100-010-3350-023	07/01/11-06/30/12	4,156.06	(257.72)		257.72						4,251.97
National School Lunch Program (State Share)	13-100-010-3350-023	07/01/12-06/30/13	4,251.97	(257.72)		3,712.28	(4,251.97)	(539.69)				4,251.97
<b>Total Enterprise Fund</b>				(407,245.72)	12,455.76	6,906,656.93	(7,212,502.91)	(380,055.70)		27,623.00	(360,659.00)	7,212,502.91
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>												

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See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

## SINGLE AUDIT SECTION

**Borough of Pompton Lakes School District**  
**Notes to the Schedules of Expenditures of Federal Awards and**  
**State Financial Assistance**  
**June 30, 2013**

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### NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Pompton Lakes School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

### NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2© and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

### NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.



**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(21,108.00) for the general fund and \$2,938.46 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. In addition, the Public Assistance Grant Program was a reimbursement of costs of \$18,860.04 for Super Storm Sandy. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$5,365.65	\$6,973,641.94	\$6,979,007.59
Special Revenue Fund	629,241.58	89,928.00	719,169.58
Debt Service Fund		123,573.00	123,573.00
Food Service Fund	<u>150,886.22</u>	<u>4,251.97</u>	<u>155,138.19</u>
Total Awards and Financial	<u>\$785,493.45</u>	<u>\$7,191,394.91</u>	<u>\$7,976,888.36</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Borough of Pompton Lakes School District had the following loan balances outstanding at June 30, 2013:

<u>Loan Program Title</u>	<u>Amount Outstanding</u>
Safe Schools Program	\$7,024.62
Small Projects Program	<u>25,218.97</u>
	<u>\$32,243.59</u>

**NOTE 6. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**NOTE 7. FEMA PUBLIC ASSISTANCE GRANT REIMBURSEMENT**

The amount of Federal Emergency Management Assistance represents reimbursement of costs related to Super Storm Sandy.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes X none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes X no

**Federal Awards**

Internal Control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes X no

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.027

I.D.E.A. - Part B

84.173

I.D.E.A. - Part B-Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

## Section I - Summary of Auditor's Results, (continued)

## State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee?   X   yes        no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                        X   none reported

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 04-04? \_\_\_\_\_ yes \_\_\_\_\_ X no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

**Cluster: State Aid - Public**

13-495-034-5120-078

## Equalization Aid

13-495-034-5120-084

## Security Aid

13-495-034-5120-089

Special Education Aid

13-495-034-5095-002

Reimbursed TPAF Social Security

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

*Section II - Financial Statement Findings*

None

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Status of Prior Year Findings**

There were no prior year audit findings.